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NEWS SUMMARY

GENERAL

Israelis accept Sinai deal

The crisis in U.S.-Israeli relations over European participation in the Sinai peacekeeping force appeared to be easing yesterday as the Israeli Cabinet accepted in principle a compromise proposal.

U.S. Secretary of State Alexander Haig said he did not expect the Europeans to "take back" their statements on the need for the PLO to take part in the peace process, but the U.S. *would insist that joining* the force was "within the intent and overall purposes of the Camp David accords. **Back Page**

Rates up £19

The average domestic rate bill in England will go up by £19 next year because of Government plant to cut the grant to local authorities. **Back Page**

Museum warning

The British Museum could close within two years unless government funding is increased, director Dr David Wilson said. Page 10

Belgian talks fail

Flemish Liberal leader Willy de Clercq's efforts to form a Belgian coaliton government *collapsed* when a French-language party refused to join. Page 2

Schmidt move

West German Chancellor Helmut Schmidt spoke by telephone to East German leader Erich Honecker as signs grew that they may meet before Christmas.

Belfast remands

Fourteen people from Belfast's Republican Ardoyne and New Lodge areas were remanded in custody on charges ranging from murder to Provisional IRA membership.

Terrorist jailed

Terrorist Patrick Flynn was jailed for 10 years in Belfast for the manslaughter of two train passengers killed when a bomb exploded prematurely.

DC-10 inquiry

The U.S. Federal Aviation Administration said it is investigating McDonnell Douglas's DC-10s because of an airliner engine failure in September.

Air services cut

Airline schedules at 22 U.S. airports will be cut by about 5 per cent at peak *periods from* December 1.

Kabul flights end

Britain, France and West Germany will end flights by Ariana, Afghanistan's airline, from December 1, 1982, because of Kabul's failure to prosecute or extradite the hijackers of a Pakistani airliner.

Heart hope

A 300-gramme recorder that could give early warning of a heart attack has been developed by a Hertford company. **Page 14**

Bank debit card

Midland Bank plans a debit card enabling customers to draw £200 a week from cash dispensers. **Page 6; FT conference report, Page 7**

Briefly...

Cameroun national holiday was declared after it qualified for the World Cup soccer finals in Spain next year.

Death toll in the Damascus car bomb blast rose to 90. **Page 2**

Assam police dispersing anti-immigrant demonstrators shot and *killed one* person, and arrested 500.

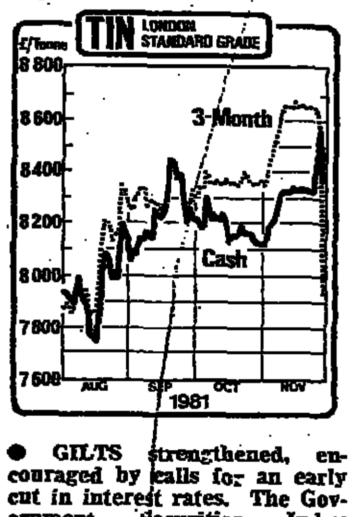
Next Bishop of Worcester will be the Rt Rev Philip Goodrich.

Trafalgar Square Christmas tree lighting-up ceremony will be on December 10.

BUSINESS

Tin falls sharply; Gilts up 0.33

● **TIN** market was again *thrown into turmoil. The three-month* price fell by £527.5 a tonne to £7,927.5 but the cash price lost only £140 to £8,300. Page 31



● **GILTS** strengthened, encouraged by calls for an early cut in interest rates. The Government Securities Index improved 0.33 to 64.73. Page 32

● **EQUITIES** followed gilts and the FT 30-share index closed 4.4 up at 537.8. Page 32

● **WALL STREET** was 0.67 down at 885.27 near the close. Page 30

● **STERLING** slipped after early gains, closing 15 points down at $1.955. It also fell to DM 4.33 (DM 4.335), and SwFr 3.36 (SwFr 3.4725) but improved to FFr 10.945 (FFr 10.9375). Its trade weighted index fell to 91.8 (91.9). Page 29

● ***DOLLAR*** *recovered but* was still down on Friday's close. It finished at DM 2.2135 (DM 2145), SwFr 1.77 (SwFr 1.774) and Y214.1 (Y215.4). Its trade weighted index fell to 104.9 (105.3). Page 29

● **GOLD** fell $3½ in London to $409. Page 29

● ***SOVIET UNION*** *is to help* India search for oil in several new onshore areas in an attempt to double crude output by 1985. **Page 4**

● **BRITISH SHIPBUILDERS** has joined British Steel in a consortium to promote and build a £3.8bn cross-Channeel link to be funded by a bond issue. **Page 7**

● **CAPITAL PLANT** International of London won a *£160m contract to establish a* college of technology in Nigeria. **Back Page**

● ***BUSINESS*** *economists expect* little growth in UK output next year, with inflation remaining in double figures. **Page 8**

● **POST OFFICE'S** £3bn pension fund, which also covers British Telecom, has a total estimated deficiency related to past pension promises of £2.3bn. **Page 8**

● **GOVERNMENT** said up to six State industries a year would be investigated by the Monopolies Commisison in a bid to improve efficiency. **Back Page**

● **PAY OFFER** worth 5.06 per cent was accepted by *engineering* union delegates. **Page 9**

● **TRAFALGAR HOUSE** does not *intend to sell Express* Newspapers but is still keen to establish the group as a separate quoted company. **Lex, Back Page**

● **THORNTON BAKER,** the accounting firm with more regional offices than any other, is to merge with London-based accountants Jolliffe Cork. **Page 7**

● **NIMSLO** International, the 3D camera maker, had a rough debut on the unlisted securities *market* when its shares sank from 205p to 180p. **Page 22**

● **MK ELECTRIC,** the electric *plugs and socket* maker, improved pre-tax profit from £3.07m to £3.22m for the six months to September 26. **Page 20**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treasury 13% 2000	£91½	+ ½	Merrydown Wine ...	34	+ 5
Barton Grp	29	+ 5	Mohen	18	+ 2
Boots	204	+ 9	Pilkington	300	+ 7
Brammer (H)	124	+ 12	Plessey	342	+ 5
Brown & Jackson ...	36	+ 7	Rediffusion	173	+ 6
Chamberlain Phipps	48½	+ 5½	Samuelson Film ...	145	+ 25
Crest Nicholson ...	78	+ 6	Standard Chartered	668	+ 13
Galliford Brindley	60	+ 8	WGI	104	+ 4
Guinness (A.)	65	+ 4	Anglo Amer Coal	£16	+ ¼
Guinness Peat	94	+ 4	Anglo Amer Gold	£43½	+ ½
Hanson Trust	279	+ 7	Jo'burg Cons	£37	+ ½
Harris Queensway	118	+ 10	FALLS		
Kent (M. P.)	74	+ 9	Brady Inds A	43	− 4
MK Electric	238	+ 14	Geers Gross	109	− 6
			Ladbroke	128	− 7

Polish Government seeks wide powers to curb growing unrest

BY OUR FOREIGN STAFF

THE POLISH Government has asked the country's Parliament, the Sejm, to give it sweeping powers which could help it to regain firm control of the country.

A Special Powers Bill, likely to be debated in the Sejm next week, would give the authorities the right to:—

● Ban strikes;
● Prohibit public gatherings, apart from religious meetings;
● *Limit the right to travel inside* and outside Poland;
● Give military courts powers over some issues at present *within* the *scope of* the civil judiciary;
● Limit access to telecommunications.

Certain to rouse fierce resistance from the Solidarity trade union, the Bill is also expected to run into opposition from some Sejm deputies.

Whether this will be strong enough to block its passage is unclear, although the Sejm has recently begun to find an independent voice and has been markedly less willing to follow orders from the Communist Party than in the past.

A meeting of the party's policy-making Central Committee last week instructed the Sejm to start work on the Bill, details of which began to emerge only yesterday.

Parliament is expected to be called into session next Monday, but readings in committee could start immediately and the Bill could become law by the end of next week.

There were also reports yesterday that the Government was drafting another Bill designed to postpone local elections scheduled for early in the new year.

The ruling Communist Party, which has fewer than 3m members compared to about 10m memebrs in the Solidarity movement, may fear that the local polls could result in further loss of contol.

A senior party official said yesterday that the Central Committee's request for the new law did not include the possibility of "a state of emergency." Rank and file party members, he said, were pressing for a means to "suppress anarchy."

The political opposition, meanwhile, intensified its challenge to the authorities, reports Reuter. The fast-growing Confederation of Independent Poland (KPN) yesterday demanded a national referendum on continued Communist dominance, which, it said, was nearing its end.

The 1m strong Warsaw branch of Solidarity also announced that it had prepared several draft documents demanding free elections. They would be submitted to the union leadership next week.

"*The drafts introduce* free elections," the branch newsletter said. "And whichever is chosen, the Communists will not be able to win."

The Government yesterday closed down a strike-bound fireman's training school where *some 380 cadets* have been sitting-in since November 25.

The cadets deminded that the service should be "demilitarised" and one leaflet sought guarantees that their water cannon would not be used against demonstartors.

Elsewhere, farmers continued protests in five cities over agricultural policies and 71 of the country's 91 colleges and universities were badly affected by a continuing strike by 100,000 students.

In Krakow, Southern Poland, bus and tram drivers threatened a 24-hour strike on December 7 *in support of local students.*

● A team representing the International Monetary Fund arrived in Warsaw yesterday to start work on a report on the state of the economy. The visit follows Poland's recent application to join the fund.

New indicators fall underlines further slowing in U.S. economy

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

FURTHER evidence of the *continuing U.S. economic slowing* came yesterday with the announcement of a 1.8 per cent fall in the country's leading indicators in October.

It was the third successive monthly fall, and the fifth in six months, in the U.S. Government composite measure of likely economic developments in the weeks ahead.

Continental Illinois and Crocker Bank have cut their prime rate to 15½ per cent from 16 per cent. But on U.S. credit markets interest rates tightened in the face of huge corporate borrowing demand and the Federal Reserve Board's failure ***to encourage*** **lower interest rates.**
U.S. bond markets swamped by new bonds, Page 26

The October figure, which compared with a revised fall of 2.2 per cent in September *and 0.6 per cent* in August, "strongly reflects the current business conditions and what is likely to be developing over the next *few months,*" the Commerce Department said.

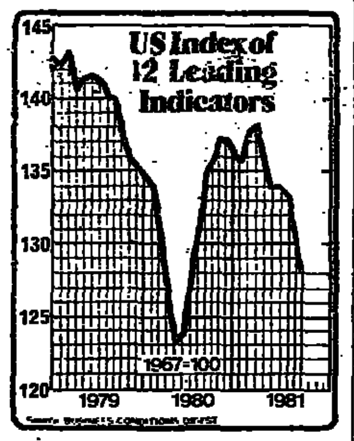
Mr Robert Ortner, the Department's chief economist, predicted that U.S. Gross National *Product would fall at an annual* rate of 4-5 per cent in the present quarter, followed by another small decline in the *first three months of 1982.* The economy should begin to pick up in the spring, he said.

His forecast for this quarter, while in line with many private estimates, was more pessimistic than the official view at the Treasury. Mr Donald Regan, the Treasury Secretary, said at the week-end that the decline might be held at about 3.5 per cent.

Mr Regan was also optimistic about prospects for next year, suggesting that the annual rate *of growth of GNP could rise to* as much as 5.5 per cent to 6 per cent by late summer. Even at that rate, however, he admitted, the Budget *deficit* for the financial year 1983 could be in the $60bn-to-$75bn (£31.5bn to £39.4bn) range.

That meant the Administration would have to start looking at cuts in welfare programmes, such as medical care, pensions and automatic cost-of-living increases in benefits "sooner or later," Mr Regan *said.*

Mr Ortner said the slowing of inflation and the recent drop in interest rates were "beginning to lay the groundwork for an eventual upturn" in the economy.



Yesterday's report showed a decline in six of the ten indicators, the lay-off rate; new orders; building permits; the pace of deliveries; liquid assets and contracts for plant and equipment.

The other four, the average working week; raw material prices; stock prices and the money supply, were up.

The lay-off rate reached 23 per 1,000 workers, more than twice the July rate of 10 per 1,000, the Department said.

Sandbach may make Ford truck

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SANDBACH ENGINEERING of Cheshire, the U.S.-owned successor to Foden, is likely to take over assembly of Ford's heavyweight truck, the Transcontinental. The move would be unprecedented in the Euro*pean motor* industry.

The truck was assembled at Ford's Amsterdam plant, which the company closed last week *after considerable controversy.* Ford said it could not continue to sustain the plant's heavy losses and 1,200 jobs were lost.

Sandbach Engineering, named after the town in which it is based, is owned by Paccar, well known in the U.S. for its Peterbilt and Kenworth trucks.

Paccar set up the company in 1980 when it paid £18m for the assets *of the Foden* business, which had gone into receivership.

At the start of this year Sandbach restarted production of Foden trucks. Much of the time since the acquisition has been spent in reorganising the plant so it can produce custom-made heavy vehicles for hauliers throughout Europe.

Ford was making two Trans*continentals* a day before the Amsterdam plant closed, well below capacity. Even at this rate of output the addition of the *Transcontinental would* probably double Sandbach's truck production.

The Transcontinental is assembled mainly from components bought in from outside suppliers. Announcing the negotiations with Sandbach, yesterday, Ford said that if the deal went through the power train (engine, gearbox and axles) and chassis components would continue to come from present suppliers.

Ford would remain respon*sible for* the truck's engineering and for marketing and distribution through Ford's heavy truck dealer organisation in Europe.

If negotiations with Sandbach are successful, production will begin in the UK in spring next year.

The Transcontinental, launched in 1975, has been a disappointment for Ford, never achieving the sales hoped for. The main problem is that it was designed to work at a maximum loaded

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Mr George Cunningham.

Serious blow to Labour as MP quits

By Peter Riddell, Political Editor

THE LABOUR PARTY suffered its most serious loss in recent months yesterday with the announcement by Mr George Cunningham, MP for Islington South, that he was resigning from the party to sit as an Independent Labour MP.

His decision comes less than a week after his re-selection as Labour candidate for his con*stituency, and just three days* after his reappointment as a junior Front Bench spokesman.

Unlike other recent Labour *defectors Mr Cunningham does* not at present intend to join the Social Democratic Party, though he paid a "sincere tribute" to it for opening up political discussion.

Whatever happened he would stand as a candidate in Islington South at the next election. Mr Cunningham is widely regarded as a prominent, independently-*minded* politician.

There was speculation last night that following Mr Cunningham's move three of his closest supporters on Islington Borough Council might also leave the party in the next day or two.

This would remove the present Labour majority—and almost certainly lead to the first SDP-controlled council in the country. At present Labour has 26 seats, the SDP 24 and the Tories two.

Mr Cunningham is much better known at Westminster than outside, in particular for his successful leadership of amendments against the last Labour Government's devolution proposals.

His resignation is a major blow to moderates, though his unhappiness with the Labour Party has been known for some time.

His decision to become an Independent MP for the time

Continued on Back Page
Contest for Labour Party secretaryship, Page 10

BL move to end Longbridge strike backfires

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' initiative to break the Longbridge "tea break" strike has backfired, union leaders claimed last night.

In a move to end the three-week strike over proposed cuts in tea breaks and rest periods at Longbridge, the company urged all strikesr and workers laid off to report for duty yesterday.

Strikers were offered full support and the guarantee of continued employment if they ignored their unions policy and voted with their feet.

In the *event* hundreds more workers have joined the dispute, which has already halted the Metro, Mini and Allegro models.

Official pickets placed on the gates of the giant Birming*ham* plant could extend the stoppage to Cowley, Oxford, disrupting production of the Ital as well as the Ambassador *which is to replace the Princess.*

BL refused to comment publicly last night, but there is evident concern at the extension *of the dispute and the* renewed threat to the company's recovery programme.

According to the company about 700 of the 1,900 *strikers* on the day shift reported for work by 9 o'clock. But 300 later walked out to collect their unions' strike pay, and did not return.

Mr Jack Adams, the Longbridge convenor, insisted that the management move had been "a complete failure" and that very few workers had returned. *In the key final assembly areas* only 29 of the 1,300 day-shift workers had reported.

The company put the figure at more than 100, but conceded that of the four main assembly systems—two Metro lines, one Mini and one Allegro—it had been possible to resume little more than fitting the trim on one Metro line.

About 580 strikers in other parts of the plant had reported at the beginning of the day.

In spite of the claims by the *two sides it is clear that the* dispute has extended. Workers merely laid off in the paintshops and seat-build areas have joined the strike.

Mr Les Taylor, shop steward in one of the big paintshops, said a vote by his members gave a large majority to walk out rather than accept the proposed cut in relaxation allowance.

Workers milling around the factory gates last night and volunteering to join picket lines said they might as well get *involved* in the dispute and claim the £12-a-week strike pay.

The response to the picket mounted at the Longbridge gates is crucial. Shopfloor leaders have recognised that workers may be unwilling to lose money so close to Christmas.

The aim is likely to be to involve as few workers as possible in official action, while maximising disruption. The fact that Longbridge supplies engines to Cowley for the Ital is seen as a powerful weapon.

The negotiations at Longbridge are being watched closely at Cowley, where sections of workers are expected to object to the proposed reduction in rest periods. Cowley, unlike Longbridge, voted in the recent dispute over the 3.8 per cent pay award to continue strike *action in spite of the* threatened closure of the plant.

BL insists that a cut of 11 minutes in the relaxation *allowance to 40 minutes* a day is necessary to fund the implementation of the 39-hour week introduced last month. The *unions maintain that sufficient* productivity gains have already been achieved to justify the move.

The Longbridge dispute, coming so close to the annual pay negotiations, represents something of an embarrassment to BL.

The five-year investment programme is under review by the Government, and there is considerable pressure from Conservative backbenchers for a break up of the State-owned enterprise and sell off some parts.

The initiative at Longbridge was taken in the belief of some *senior managers that the* strikers did not appreciate the issues, and were prepared to acknowledge that they had now made their protest.

The failure of the management move will step up pressure for a quick settlement. Management is anxious to establish a good stock of the successful Metro model for the New Year.

Mr Ray Horrocks, chairman and chief executive of BL Cars, is thought already to have established contact with national *union leaders to spell* out the seriousness of the present dispute.

Any moves to resolve this latest crisis are likely to involve approaches to Mr Moss Evans, general secretary of the Transport and General Workers' Union, and Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers.

£ in New York

—	Nov. 27	Previous
Spot	$1.9635-9650	$1.9340-9350
1 month	0.60-0.55 dis	0.56-0.52 dis
3 months	1.29-1.24 dis	1.27-1.21 dis
12 months	1.90-1.75 dis	2.15-2.00 dis

De Clercq fails to form Belgian coalition

BY LARRY KLINGER IN BRUSSELS

BELGIUM WAS thrown deeper into political crisis yesterday with the failure of Mr Willy de Clercq, the Liberal Party leader, to form a government.

King Baudouin last night began a new round of talks aimed at seeking a new Prime Minister-designate to replace Mr de Clercq, whose negotiations with the powerful Christian Democrats collapsed when the party's French-speaking wing declared it was unable to join a coalition.

Belgium has been left with a caretaker Government for more than three weeks following the inconclusive general election on November 8. The election was forced by the outgoing Christian Democrat-Socialist coalition's failure to agree on an austerity programme to tackle the deteriorating economy.

After receiving reports from all party leaders, the King handed the task of forming a government to Mr de Clercq, whose conservative Liberals scored strong election gains at the expense of the centrist Christian Democrats.

The election left the three main political "families" with roughly equal parliamentary representatives and able to form a slim majority with any two parties. But is also left the Liberals and Socialists with seemingly unreconcilable economic policies, and both the Flemish and French-speaking wings of the Christian Democrats deeply divided internally.

The Christian Democrats' conservative supporters deserted the party in large numbers at the election, with the loyal Centre and trade union Left unwilling to commit their party to governing solely with the right-wing Liberals.

The leadership of the French-speaking wing of the Christian Democrats voted at the weekend by 10-8, with two abstentions, against allowing Mr Paul Vanden Boeymants, their leader, to continue talks with Mr de Clercq unless they included the Socialists.

The current tension in Belgian politics was highlighted last night with strong suggestions that Mr Vanden Boeynants might find it necessary to resign.

The outgoing Government led by Mr Mark Eyskens meanwhile remains in a caretaker role but unable to deal decisively with the rapidly deteriorating balance of payments and national budgetary positions.

There were no immediate indications last night as to whom the king would approach.

Mr de Clercq (right): talks collapse.

W. Germany faces tough wage battle

By Stewart Fleming in Frankfurt

IG METALL, the largest West German trade union with 2.7m members, is expected to put in a wage claim of around 7.5 per cent on December 15 despite pleas for moderation in the pay round and rising unemployment.

This emerged yesterday after a meeting of the union's board in Frankfurt. Although no official statement was made, the union did not deny that the claim would be at this level — barely below the 8 per cent which was its opening shot in last year's wage round.

IG Metall's agreements directly influence the level of wages for about 4m workers in the metal industry, in medium-sized engineering concerns and in the car and steel sectors. Its negotiations generally play an important role in influencing negotiations in other sectors too.

A claim of 7.5 per cent will probably lead to protracted and difficult negotiations with employers in the New Year.

With company profits under heavy pressure, the economy still showing no signs of recovery, and corporate bankruptcies on the rise, the employers will be determined to fight for a settlement below the 5.5 per cent inflation rate which the Government's council of economic advisers forecast for next year.

Indeed, judging from statements by some of the union's leaders, it has been anticipated that the union would be happy if it were to secure an agreement which came close to protecting real incomes of metal industry workers.

It appeared yesterday that the union is not pursuing earlier suggestions to press for employers to set up an early retirement scheme.

Some union officials have argued against such a strategy on the grounds that it is easier to rally rank-and-file support around a straight wage claim and that the economic climate is not right for innovative wage packages.

The prospective claim is likely to meet harsh criticism from some of those who have been arguing that a moderate settlement is vital next year for the health of the West German economy and to fight inflation.

Herr Karl Otto Poehl, the Bundesbank Prisident has been among those urging the unions to accept a second consecutive year of declining real incomes.

Count Otto Lambsdorff, the Economics Minister, yesterday turned to the other side of the wage equation urging employers only to grant "wage increases which they can afford," adding that this was not always the case with agreements reached in 1981.

The metal industry employers appear to be entering this year's negotiations in better heart than late last year.

Peking to extend readjustment policy for five years

BY TONY WALKER IN PEKING

CHINA'S tough policy of economic readjustment, which involves a tight hold being kept on growth, will continue for at least the next five years.

Premier Zhao Ziyang told the opening session of the National People's Congress yesterday that readjustment had been broadened since it was introduced in 1979.

It was now aimed at restructuring the economy as a whole, particularly the proportions between industry and agriculture, between light and heavy industries, and between investment and savings.

When the Chinese first announced the policy of readjustment in 1979 it was aimed at curbing runaway expenditure and indiscriminate purchasing of imported plant and equipment at the beginning of a drive for modernisation.

The "extended" readjustment phase means that China will proceed slowly through the mid-1980s in its efforts to involve foreign investors in its economic modernisation plans.

Mr Zhao, in a long speech to more than 3,000 deputies, claimed important successes for the Chinese economy this year, particularly in agriculture. Near-record grain output was expected in 1981, along with successes in other areas of agricultural production.

Mr Zhao said, however, that retrenchment in heavy industry had led to a 5 per cent negative growth rate, a much worse result than planned.

The Premier said the 1981 economic plan had been achieved, and gross industrial and agricultural output for the year increased by some 3 per cent.

According to Mr Zhao, China's overall economic situation is far better than expected. The targets for a stabilised economy will be virtually reached, he said, in spite of extensive readjustment and serious natural calamities.

Another success claimed by the Premier was a reduction in the deficit from about \$7.3bn (£3.8bn) last year to about \$1.6bn in 1981. The deficit had reached some \$11bn in 1979.

The premier also claimed success in China's efforts at reducing capital expenditure which had dropped, he said, from \$31.7bn in 1980 to \$22.3bn in 1981 in line with the policy of readjustment.

Mr Zhao said top priority for capital investment this year would be given to light and textile industries, followed by energy, building materials and transport and communications.

The parliamentary session to which Mr Zhao was reporting is later expected to pass laws governing China's economic contracts with foreign firms, foreign enterprises, income taxes and civil procedures.

Reuter adds: Mr Zhao denied that China's oil output was steadily decreasing and that the country would soon become a net importer of crude.

Efforts would be made to keep oil output at 100m tonnes a year (2m barrels a day) over the next few years. As much investment as possible would be devoted to the exploitation of new oil fields.

Bid to end Community deadlock

By John Wyles in Brussels

THE BRITISH Government will today try to set a date for an unusual pre-Christmas meeting of EEC foreign ministers which will try to end the deadlock over agricultural reform and arrangements limiting Britain's payments to the Community budget.

The foreign ministers were handed this daunting task by last week's Community summit in London, which made only partial progress towards a settlement.

There was still confusion in Brussels yesterday as to how much progress was made, and several delegations are still waiting for the judgments of their heads of government and foreign ministers.

Although the UK could have left the organisation of the meeting to Belgium, which takes over the Presidency of the EEC's Council of Ministers on January 1, Mrs Thatcher, the Prime Minister, and Lord Carrington, have decided they should try to maintain last week's momentum.

In particular, the British are anxious not to allow the problems to drag on into the new year when the UK budget issue could get caught up in the EEC's far mprice fixing.

London would then be under pressure to sanction double digit increases in its farm prices in return for concessions on its budget demands.

The guidelines to be settled by the Foreign Ministers are changes to the EEC's milk regime, the future for Mediterranean products, whether to set broad limits on the growth of the Common Agricultural Policy's costs, and how to relieve the continuing burden on the UK of its budget payments to Brussels.

There is no great optimism in Britain about the possibility of an agreement. But there is a desire to make a final effort which, if successful, would impose disciplines on the farm price fixing negotiations and would pave the way for detailed negotiations on medium-term budget arrangements for the UK.

A divided Germany reaches another milestone, writes Leslie Colitt

E. German border troops mark time

THE CALL was familiar in East Germany where officials constantly exhort workers to over-fulfil their plan—"Achieve the greatest possible increase in results for the 1981-82 year of socialist competition," said Herr Klaus-Dieter Baumgarten to his men.

But Herr Baumgarten is Lt Gen Baumgarten, commander of East Germany's 40,000 border troops. In the weeks up to today's 35th anniversary of the border guards, East Germans have been repeatedly reassured by the government media about how "reliably" their 1,360 km border with "imperialist" West Germany and West Berlin is being defended.

Nowhere, however, in all the accounts of a day in the life of a typical Grenzer (border trooper) is there more than a hint at his chief occupation—preventing escapees from reaching West Germany. Instead, they are described as an elite branch of the People's Army, whose main task is to "secure peace at the dividing line between Socialism and imperialism."

In an interview yesterday, Gen Baumgarten said his troops were doing "combat service" for peace and would carry out every order to defend East Germany "even in complicated and crucial situations." This was the closest he came to indicating that voluntary service in the border guards is different from that in the regular army.

Young men planning a career in the armed forces volunteer for service with the border troops, as well as those career-minded youths who are looking for a rating of "highly reliable" in their cadre document, which accompanies them throughout working life. Few young East Germans who plan to escape first join the border guards.

One 17-year-old East German, a bright, outspoken boy, said he had been asked by his local conscription board what he thought about serving in the border guards. He replied that it was a job which he supposed had to be done. What did he think about shooting at someone trying to "flee from the republic?" He said that, if a person had broken an East German law, that is, if he were a criminal, then he had to be punished. Would he shoot at his own brother? His answer was rather evasive, but the board members appeared to be satisfied.

Relating this episode afterwards, the young man explained that the border soldiers do not shoot to kill. "They call out 'Halt,' and so on," he explained. "In fact, they can be punished for killing someone. They can also be punished for allowing a pal to escape without trying to stop him by shooting."

The boy, whose hobby was restoring old motorcycles, said he believed he stood a good chance of getting a job as a truck driver with the border troops. He noted with a smile that some of his friends who had served at the border to West Berlin were "able to see pornographic movies every night at a drive-in cinema on the other side of the wall."

In the many East German accounts about the tireless work of the border troops, the impression was given that it was thanks to them that the Third World War had not broken out

The young man, a skilled toolmaker, glanced at his father before continuing. "It's not very nice," he said, about the prospect of serving in the border guards. "But what can you do?"

Only recently, 28-year-old Captain Peter Vogel of the border troops escaped to West Germany, leaving behind a wife and two children. He said dissatisfaction with life in East Germany and political pressures had made him flee. Often, however, the unspoken desire to earn good money in West Germany and to drive a fast car is an equally important motive.

To prevent such desertions, the border guards have developed sponsorships between men with seniority and newly-joined soldiers. The sponsor helps the new trooper learn the ropes and is supposed to detect "unstable" personalities.

Hartmut Böhm who is a 24-year-old lieutenant, in command of a unit of border soldiers at the Berlin Wall, noted that serving in Berlin is especially strenuous, because "securing an urban border" is always "complicated." It calls for a high degree of "physical and mental toughness."

Lt Böhm obviously did his work well, as his unit earned the title of the "best unit," which in coded language meant that neither escapees nor border guards got through to West Berlin.

In the many East German accounts about the tireless work of the border troops at the front line, the impression was given that it was thanks to them that the Third World War had not broken out. Countless reports noted that the West German Bundeswehr at one point was all set to march through the Brandenburg Gate into East Berlin, but was foiled by East Germany on August 13, 1961 (when construction began of the Berlin Wall).

Border provocateurs from West Germany occupy most of the attention of the border troops, according to the official media. The Berliner Zeitung noted that in the past such border violations "often served German imperialism as an excuse to unleash wars."

Last year, 427 East Germans fled across the border to West Germany or via third countries, the lowest number in 20 years. In the first six months of this year, the number of escapes fell to 94, the lowest since 1961.

Envoys meet privately before Geneva talks

BY BRIDGET BLOOM IN GENEVA

NEGOTIATIONS between the U.S. and the Soviet Union to control the spread of nuclear weapons in Europe opened in Geneva yesterday with a decision by both sides apparently designed to lower the temperature of public debate as the talks proceed.

Mr Paul Nitze, leader of the U.S. delegation, met Mr Yuli Kvitsinsky, his Soviet counterpart, privately for 90 minutes at the Soviet embassy in what he described as a "cordial and businesslike" atmosphere.

However, Mr Nitze made it clear this afternoon that they had decided to keep the contents of the talks firmly secret. "Following instructions of both our governments to engage in serious negotiations, we have concurred that details of the negotiations must be kept inside the negotiating room," he said.

Mr Nitze merely confirmed that the first plenary session of the talks would be held in the U.S. mission this morning. There was no statement from the Soviet delegation.

The clamp-down on information mirrors the procedure followed in earlier U.S.-Soviet negotiations on strategic or long-range nuclear weapons which resulted in the Salt treaties. It is in marked contrast, though, to the often acrimonious and highly public debate of past weeks which has revealed how far apart the two sides are.

Italy's Christian Democrats take firm stride towards self-renewal

BY RUPERT CORNWELL IN ROME

NEW RULES have been adopted by Italy's Christian Democrats to curb the power of factional bosses and to elect the party leader directly—the first solid step towards the long promised, but elusive, goal of self-renewal.

Outwardly, the five-day special assembly of the country's largest party has obeyed tradition: opening with the reading of an interminable 150-page report, and ending in a Sunday evening spate of corridor meetings to produce a formula to avoid complete breakdown. In fact, however, the compromises ratified by an overwhelming majority of the 618 delegates should not only change the party's internal structure, but do much to bring it back into contact with the real flow of Italian life.

Three important decisions were taken. First, the party secretary will be elected directly by the Christian Democrat congress, instead of being chosen by the far more restricted national council on the basis of indications from the factions.

Second, much stricter criteria will be applied to the election of representative bodies of the party. Finally, a tenth of the delegates to the congress will be non-party members—the so-called "outsiders" who have played so important a role over the past few days.

All these moves have to be ratified by the party council, but they represent an unmistakable defeat for the old guard leaders who have run the party on a feudal basis for decades, and who fought to the last to preserve the status quo. The outcome has been a triumph for the younger generation of Christian Democrats frustrated by the stranglehold of their elders, for the Roman Catholic activists who deplore the party's scandal-marred image, and for the "outsiders."

Industrialists, trade unionists and intellectuals who are sympathetic to the party, yet alarmed at its loss of contact with what was happening in the country.

Last week, all three categories kept up a barrage of criticism of the old ways which, they said, have helped give dangerous new opportunity to smaller "lay" party rivals. The latters' advance was symbolised last summer, when for the first time in 35 years the Christian Democrats were forced to surrender the prime ministership, three years after they had lost the presidency.

"We've lost the capacity to make the choices needed for the 1980s," Sig Umberto Agnelli, vice-chairman of Fiat and a former Christian Democrat Senator, declared.

"Whether we like it or not, a new period in domestic politics is opening up. Somebody has understood this—and it's not us, nor the Communists but a party in the present government coalition," he said, in a clear reference to the steadily growing Socialist Party.

On paper, a more open method of choosing a secretary ought to provide a more forceful and resolute leader than anything presently on offer. But the assembly has given no firm pointer to whom that might be. Nor has it given the answer to the underlying dilemma: how to conserve its cross-class "Catholic" appeal in an increasingly secular Italy.

Trade gap smallest in two years

BY OUR ROME CORRESPONDENT

ITALY RECEIVED a rare piece of encouraging economic news yesterday with publication of the trade figures for October showing the smallest monthly deficit for two years. It was also less than one-fifth of the shortfall in September.

The deficit in October was L410bn (£176m), bringing the total deficit for the first ten months of 1981 to L15,330bn (£6.6bn), marginally less than the L15,961bn (£6.85bn) registered in the same period of the previous year.

The improvement reflects a steep fall in imports to L9,042bn from L10,560bn in September, while exports rose slightly to L8,632bn from L8,406bn, confirming the trend of recent months whereby exports have risen more rapidly than imports.

It remains to be seen, however, whether the October results signify a lasting improvement in Italy's trade accounts (the total deficit for 1981 has previously been estimated at L20,000bn) or is merely a statistical accident.

If there is underlying improvement, then it probably reflects in good measure the slowdown under way in the domestic economy and the ensuing switch of output towards foreign markets. Exporters have also been helped by the two devaluations of the lira this year which have improved the competitivity of Italian goods.

Saudi arms requests made public

By Jonathan Carr in Bonn

SAUDI ARABIA'S main arms requests from West Germany have been revealed publicly for the first time as 151 Leopard-2 battle tanks and 72 anti-aircraft tanks. But it remains unclear when, or even if, the Bonn Government could approve such a deal.

The tank figures and a request to know when it might be worth applying for an export permit, are contained in a letter sent to Bonn in early November by Krauss Maffei, the Munich company which makes the Leopard.

The company declined comment on the letter, a partial photocopy of which appeared yesterday in the weekly magazine, Der Spiegel. But a government official confirmed the letter had arrived, although he added it had been agreed to proceed as though it had not done so.

The remark underlines the great sensitivity of the issue, which has been a factor in Bonn-Riyadh relations for a year and was most recently discussed when Crown Prince Fahd visited Bonn in October.

Bonn for months has been reviewing its guidelines on weapons exports—not simply to Saudi Arabia, but world-wide. While no final decision has been taken, the new guidelines are believed likely to be even more restrictive than the old ones.

This tougher line would reflect what is probably majority opinion in the Government coalition parties. While the government would retain the competence to decide on arms exports in individual cases, it is felt unlikely that it would defy the wishes of so many MPs on the Saudi issue.

Bonn believes that Crown Prince Fahd understands these difficulties and that he does not want a failure to approve delivery of arms to affect broader economic relations between the two countries. However, not all members of the Saudi Government are thought necessarily to hold this view.

Haig plans talks with King Hassan

RABAT — Senior U.S. officials, including Mr Alexander Haig, the Secretary of State and Mr Casper Weinberger, Defence Secretary, are to visit Morocco soon to prepare for a visit to Washington by King Hassan, diplomats said yesterday.

Mr Weinberger is expected to arrive in Fez on Thursday to meet the King and Mr Haig will meet him in Marrakesh on December 17.

Admiral Bobby Inman, deputy director of the Central Intelligence Agency, is in Morocco meeting senior officials, and Mr Francis West, Assistant Defence Secretary, met King Hassan earlier this month.

The King, traditionally one of the West's strongest allies in North Africa, is planning to visit Washington to meet President Reagan in the first week of January, diplomats said.

The Reagan administration has decided in principle to provide Morocco with sophisticated weapons. The country is currently embroiled in the sixth year of its war against Polisario guerrillas fighting for the independence of the former Spanish Sahara, annexed by Morocco.

Decisions are still to be made on what weapons will be supplied and in what quantity, officials said. AP

'Snakeheads' turn to child smuggling

By Kevin Rafferty in Hong Kong

HONG KONG'S police and military patrols along the border with China have been increased in an effort to stop the smuggling of children into the colony. The Peking authorities have also been alerted to stop the smuggling.

Racketeers are paid between HK\$2,000 and HK\$15,000 (£185-£1,384) and are exploiting a possible loophole in tough laws enacted last year to curb immigration from China. Children under the age of 12 were not required to have identity cards, but could report to the police and apply for registration.

Since early October more than 1,100 children, most of them under 12, reported and applied for registration. In some cases the children are being registered as belonging to recent immigrants from China who left their children behind. Other arrivals belong to border traders who are anxious to register their children in Hong Kong, perhaps with the hope of joining them later.

Penalties for aiding and abetting smuggling are stiff and include fines of up to HK\$5m or life imprisonment.

The increase in child smuggling may be an indication that the professional gangs known as snakeheads, have changed tactics because tougher regulations have ruined their previous livelihood in which adults were helped across the border.

Search goes on for Syrian bomb victims

BY PATRICK COCKBURN

RESCUE TEAMS continued to search in Damascus yesterday for further victims of Sunday's car bomb explosion, which killed 90 people and wounded 135.

The Government, in a departure from its practice in four previous bomb explosions in the Syrian capital, is giving the attack extensive publicity and emphasising the heavy civilian casualties.

Its spokesmen say the Moslem Brotherhood was responsible and discount claims by the so-called Organisation for the Liberation of Lebanon from Foreigners—a group opposed to the presence of Syrian troops in Lebanon—that they caused the blast.

The Moslem Brotherhood has carried out attacks on the Prime Minister's office, air force headquarters and buildings housing Soviet experts and reporters over the past few months.

Diplomats believe it would be difficult for right-wing Christians from Lebanon, even with Israeli support to carry out a sustained bombing campaign in Damascus, although they do not discount some Iraqi involvement.

Heavy concentration of special force troops, the praetorian guards of the regime of President Hafez al-Assad stationed all over the capital, have been unable to stop the bombings.

The bombings have come as a shock to the regime, because it believed it had crushed the Moslem Brotherhood at the end of last year.

The Syrian Government also believes it was largely victorious in the Lebanese crisis earlier in the year when President Assad refused to withdraw his anti-aircraft missiles from the Bekaa valley in Lebanon. The crisis helped the Government strengthen its nationalist credentials.

Syria said yesterday that Sunday's explosion in Damascus was intended to coincide with the beginning of the new mission to the Middle East of Mr Philip Habib, President Reagan's special envoy, Ihsan Hijazi reports from Beirut. The Syrian Government newspaper Tishrin, in an editorial quoted by Damascus Radio, said the Moslem Brotherhood set off the blast, by inspiration from their masters in Washington and Tel Aviv." The explosion occurred about an hour before Mr Habib's aircraft landed at Beirut airport. While Mr Habib was meeting Lebanon's Prime Minister yesterday, Israeli fighters flew over Beirut. The U.S. envoy is to visit Syria, Israel and Saudi Arabia.

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Funeral row mars Ciskei celebrations

By Bernard Simon in Johannesburg

CELEBRATIONS to mark the "independence" later this week of Ciskei, one of the most impoverished of South Africa's tribal homelands, were overshadowed at the weekend by the death of a black policeman at the hands of a crowd of mourners near King William's Town, the principal town in the area.

The incident took place during the funeral of a leading black lawyer and civil rights activist, Mr Griffiths Mxenge, who was murdered in Durban last week.

The policeman was kicked and battered to death when mourners suspected that he was a Government informer. Earlier, tape recorders were seized from several people. A police van was stoned.

Speakers at the funeral, attended by 5,000 people, attacked the South African Government and Ciskei's forthcoming "independence."

The funeral coincided with the opening of a Ciskeian independence stadium by the territory's Chief Minister, Mr Lennox Sebe. Attendance at that event—the first in a week of festivities—is reported to have been about one-fifth of that at Mr Mxenge's funeral.

Michael Holman reports on the sabotage threat to Beira

Maputo fights central Africa's battle

"ELVIS" is coming to Beira's Novo Cine where, in the didactic style of Mozambique's Marxist Government, a foyer notice exhorts patrons to appreciate that "the cinema is one of the media which contribute to cultural formation."

The 500-seat cinema, with its plush red fittings, is the most popular entertainment in a port which was once a thriving holiday resort for white Rhodesians.

The tourists from independent Zimbabwe have yet to return, although a few businessmen are cautiously moving back. But Beira's efforts to return to normality two years after the end of the war in Zimbabwe have been frustrated by continuing conflict.

Mozambique's second largest city is still in the front line. On the one hand, its port road and rail links are vital elements in the struggle by the nine black states of the Southern African Development Coordination Conference (SADCC) to reduce their trade and transport dependence on white-ruled South Africa. On the other, it is the target of continuing sabotage operations by a group of Mozambican dissidents, who have succeeded in causing widespread disruption throughout the central provinces of the country.

The so-called Mozambique Resistance Movement (MRM), which the Mozambique Government believes is receiving training and support from South Africa, has succeeded in aggravating the economic chaos which followed independence in 1975, with attacks on power lines, transport links and harbour installations.

Beira never recovered from the post-independence exodus of Portuguese settlers, taking with them their cars, household effects and their skills. The closure of the Rhodesian border in 1976 was a further blow for Beira, whose port and railways are the main reason for existence.

Today, although its streets are scrupulously clean, Beira has the air of a town struggling for survival, waiting for better times.

Shops are either closed or sparsely stocked, without basic commodities such as cooking oil and sugar. The once grand Scala Cafe in the centre of town now offers only black coffee and plain buns. Vegetables are scarce after the sabotage of a key road cut Beira off from the farmers of Chimoio.

Beira's wide, tree-lined avenues have little traffic—petrol is rationed—and on a quiet morning, the loudest sound in the city seems to be the slap of feet on dusty pavements.

Yet Beira and its railway, along with Mozambique's two other major trade routes through Maputo and Nacala, play a vital role in the SADCC's strategy.

The stakes are high. If SADCC succeeds in its aim—albeit only a long-term prospect—it would remove a powerful weapon from the white-ruled republic in resisting African pressure to change its racial policies. If it fails, then South Africa can dictate its own terms.

Mozambique officials are convinced they are already paying the price for such a strategic position, through the sabotage of the MRM.

The movement is made up of former black members of the Portuguese armed forces in Mozambique, who switched places with the victorious Frelimo guerrillas at independence in 1975, and who took to the bush. Originally given support and supplies by the white Rhodesian forces of Mr Ian Smith, there is little doubt that it now receives succour from South Africa.

At first the MRM appeared to have no clear purpose other than to harass the government of Mr Samora Machel, the President of Mozambique. But recent events suggest a strategy which could have profound implications for SADCC and the region.

On October 29, Beira's transport links with Zimbabwe were cut when the vital Pungwe road and rail bridges, 40 miles from the port, were sabotaged, allegedly by the MRM. The oil pipeline from Beira to Umtali, now being repaired, runs under the bridges and was also damaged. Two weeks later, limpet mines destroyed ten buoys marking the channel to Beira port.

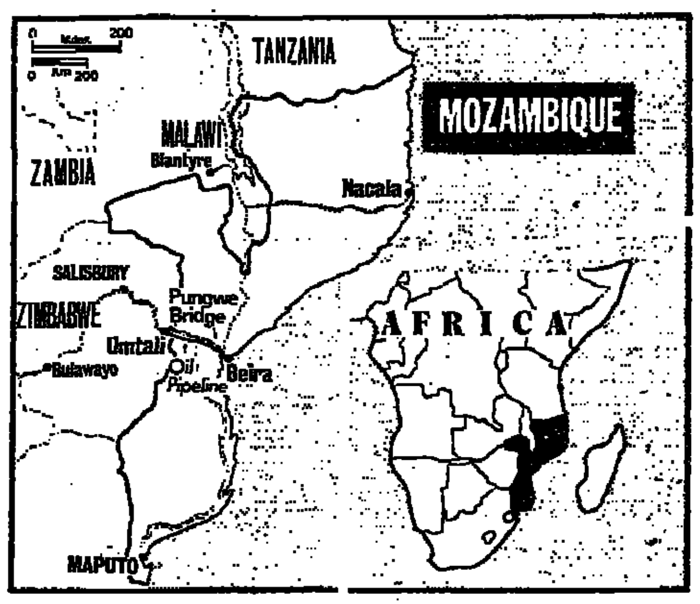
The attack on the bridges also cut Beira's link with Maputo, the Mozambique capital. The rail line is scheduled to re-open this week, but the road bridge is so badly damaged that it is likely to be several months before it can be re-opened, although a limited ferry service is now operating. Less serious was the sabotage of the buoys.

"Despite the attack, port traffic never stopped," says Mr Rui Fonseca, director of the port. "The buoys were replaced from stocks within 48 hours."

Nevertheless, the port is going through a thin time. Poor weather has affected agricultural output in the region and traffic last year dropped to a 10-year low of 1.5m tonnes from 4.2m tonnes a year in 1972. Of last year's traffic, 33 per cent was Malawi trade, 3 per cent Zambian and the rest from Mozambique.

This year, after a better agricultural season, the port is expected to handle 1.8m tonnes, still well under its capacity of 3.2m-3.5m tonnes.

If, as Mozambican officials believe, South Africa is behind attempts to damage the port, why are six locomotives from the republic working on the mountainous stretch of the railway line between Umtali and Beira?



"They have it both ways," replies Dr Carlos Veloso, deputy director of Mozambique Railways' central region. "We pay them for the locomotives in precious foreign exchange while they sabotage the port that earns us that foreign exchange."

What may not be clear, however, is the position of Malawi in the South African destabilisation theory. Dr Hastings Banda, the President of Malawi, who is the only African leader to maintain diplomatic links with the republic, has been cool—if not hostile—to southern African liberation movements and shows no sign of reducing trade or diplomatic links with Pretoria.

Yet ten of Malawi's 14 tank cars of fuel a day go through Beira (the rest go through Nacala) and the port handles much of Malawi's agricultural exports.

But Mozambican officials point out that the Pungwe sabotage did not affect the Malawi railway link, which branches north before the bridge, and that the line has been untouched by the MRM. The railway to Nacala, as well as the port itself, has also been left alone.

Needless to say, security on the railway line at the port has been increased. But it is more than physical damage which concerns transport officials. "The main object of these attacks," says Dr Veloso, "is to destroy the reputation for reliability of our ports and railways. If you want to fight SADCC, you fight our ports and this is one way of doing that."

Angolan refinery damaged by fire

BRUSSELS—Angola's only oil refinery has been seriously damaged by fire, according to officials of the Belgian oil company, Petrofina.

They said that the fire was still out of control yesterday. There was no immediate indication of casualties but damage was reported to be extensive. Several hundred workers are employed at the site.

Petrofina, which has a controlling interest in the refinery, was informed by telephone of a fire in fuel tanks on Sunday night. This had spread to the refining units of the Petrangol refinery in Luanda.

Tanks containing liquid petroleum gas had been destroyed by the fire but installations for bottling gas had not yet been affected.

The refinery was built in 1955 and had a refining capacity of 1.7m tonnes a year. It processed about 1m tonnes of oil last year.

The Angolan National Oil Company, Sonangol, is investigating the cause of the outbreak. It was not known yesterday whether sabotage was suspected.

Reuter.

Muldoon warning of new election

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND's Prime Minister, Mr Robert Muldoon, said yesterday a second general election would be inevitable if his government lost a marginal seat, after absentee votes had been counted.

Saturday's general election, which produced the first hung parliament in New Zealand for more than 60 years, left Mr Muldoon with a precarious hold on power.

His conservative National Party held one seat by only 16 votes, and this result could be overturned after absentee votes are counted, leaving the two main parties with 45 seats each.

Mr Muldoon said after his first post-election cabinet meeting yesterday that if this happened, another election would be inevitable, although he refused to say when.

Meanwhile, Mr Bruce Beetham, leader of the two-seat Social Credit League, said he would require a guarantee of electoral reform leading to proportional representation before his party would join either of the other two parties in a coalition.

Neither Mr Muldoon nor the Labour leader, Mr Bill Rowling, is likely to agree to this, although Mr Rowling might look more favourably than Mr Muldoon on some sort of reform.

If Social Credit joined forces with Labour, which won four seats, the opposition would have a one-vote majority over the Government after the Prime Minister appoints a Speaker.

In Saturday's election Social Credit polled 339,663 votes—nearly 21 per cent. Under proportional representation it would have gained 19 seats instead of two.

Sadat accused deny guilt

ALL 24 defendants on trial before a military court in Cairo for the assassination of President Sadat and attempting to overthrow his Government pleaded not guilty yesterday, Anthony McDermott reports from Cairo.

The acknowledged leader of the four-man assassination squad, Lt Khaled Islambouli, admitted killing Mr Sadat, however. "I wanted that dog," he said in court, and in an aside to foreign journalists added: "I killed the tyrant." But a plea of not guilty went forward.

Yesterday's session was as relaxed as the opening one on November 21 and more members of the defendants' families were present. At one stage, Lt Islambouli cried out to his family: "Do not be sad for I will be joining my God."

Guards for West Bank moderates

PRO-ISRAELI Palestinian leaders on the occupied West Bank are to be permitted to set up their own armed units to protect them from attacks by Palestinian nationalists, David Lennon reports from Tel Aviv.

This follows the assassination last month of one of the leaders of the Government-sponsored village leagues, which Israel is promoting as an alternative leadership to that of the elected mayors of the West Bank, most of whom are supporters of the Palestine Liberation Organisation.

Mr Mustafa Dudeen, head of the largest of the village leagues, centred on Hebron, yesterday welcomed the move. But Mr Elias Freij, Mayor of Bethlehem, criticised it and asked whether Israel intended to set up militias on the West Bank.

India may not take up third slice of IMF loan

BY K. K. SHARMA IN NEW DELHI

INDIA'S Finance Minister, Mr R. Venkataraman, has indicated that the Government will not make full use of the three-year $5.8bn (£3bn) loan recently approved by the International Monetary Fund if the country's efforts to increase crude oil production succeed.

Mr Venkataraman said in an interview that if plans to increase output from the offshore Bombay High oilfield are carried through, the Government would not use the third year's instalment of the loan, which is the largest ever approved by the IMF.

The loan is to be disbursed over three years with the first year's instalment of 900 special drawing rights ($940m) to be given by next March. The second year's instalment is for 1,800 SDRs and the largest instalment of 2,300 SDRs is to be disbursed in the third year.

The Government has been attacked by opposition parties for negotiating the loan and increasing the country's foreign debts on terms that are thought to be tough. Parliament is to debate the issue tomorrow.

Meanwhile violence erupted again yesterday in Assam in the North-east when student agitators seeking to impose a blockade on the main highways for 12 hours were dispersed by police using tear gas.

The blockade was announced by the students in support of demands for an early settlement of the problem of "foreigners" (mainly settlers from Bangladesh and the Indian state of West Bengal). The students want the "foreigners" deported on the ground that they are taking away job opportunities from Assamese.

Algerians hail Mitterrand

ALGIERS—Thousands of Algerians lined the streets of the Algerian capital yesterday to welcome President Francois Mitterrand on a visit designed to reconcile France with its former North African territory after two decades of bitterness.

The French leader told Algeria's President Chadli Benjedid that their nations could now heal the wounds of the past.

From the airport the two Presidents drove straight to the Carré des Martyrs cemetery where M Mitterrand laid a wreath on the tomb of Houari Boumedienne, Algeria's leader from 1965 until his death in 1978.

Residents of Algiers said the city's welcome was unprecedented for a foreign Head of State, far surpassing the enthusiasm shown in 1975 for M Mitterrand's predecessor, M Giscard d'Estaing.

AMERICAN NEWS

U.S. pledges aid for Caribbean

BY DAVID BUCHAN IN WASHINGTON

CARIBBEAN heads of state received a promise from President Reagan of "an innovative programme" of U.S. trade and investment help, as they began their fifth annual conference in Miami this week.

Mr Reagan spoke briefly by telephone to the meeting now held regularly in Miami, in recognition of that city's growing role as the Caribbean's commercial capital. It was left to Mr William Brock, U.S. Trade Representative, to spell out what the U.S. had in mind.

Echoing the President's emphasis on private investment and trade rather than reliance on official aid, Mr Brock told the Caribbean leaders that the Administration was considering changes in tax laws, a new multilateral political risk insurance scheme for investors, and — in a new departure — relaxation of U.S. quotas on Caribbean imports.

But Mr Brock conceded the last idea would be difficult, in face of protectionist pressures in Congress, where there is a new Bill which would in effect raise tariffs on imported sugar.

The lack of concrete U.S. action, backing up its Caribbean Basin initiative, has fuelled suspicion in some quarters, particularly Mexico, that the U.S. is more interested in a propaganda war designed to reduce the attractions of Cuban-style Communism in the region.

Certainly, Mr Alexander Haig, the U.S. Secretary of State, made clear that Cuba remained the U.S.'s "biggest regional worry," when i a weekend speech he denounced Cuba for deploying "40,000-50,000 mercenaries" abroad.

These forces, which he said had been "a focal point of our attention since the outset of this Administration," were a "threat to peace and stability" around the world.

Mr Haig is considered likely to return to this theme, when he flies tomorrow to St. Lucia for a regular meeting of Foreign Ministers of the Organisation of American States (OAS).

The Secretary of State considers himself something of a specialist on Cuban activities ever since this was one of his briefs as a relatively junior officer on the National Security Council in the 1960s.

Aside from complaining about the continued Cuban presence in Angola and Ethiopia, Mr Haig said there were 3,000 Cubans in Nicaragua, engaged not only in education and development, but also in military assistance.

Cubans were also engaged in "subversion, propaganda, and interventionism" in Colombia, Guatemala, Honduras, and El Salvador," Mr Haig went on.

Mr Alexander Haig attack on Cuba.

Liberals head for victory in Honduras

TEGUCIGALPA—Sr Roberto Suazo Cordova yesterday proclaimed himself the next President of Honduras as his centrist Liberal Party headed toward a sweeping general election victory, which ended almost two decades of military rule in the Central American Nation.

With almost half the expected 1.2m votes counted, official preliminary results showed the Liberals with 54 per cent of the vote, 11 per cent ahead of the Right-wing National Party.

"It has been a memorable day for Honduras, and the people have decided that the Liberals will assume power after free and honest elections, Sr Suazo, 53, declared. Barring a major turnaround, the Liberal leader looked certain to take over from General Policarpo Paz Garcia as President in January. His party seems set to win an absolute majority in the National Congress. Both the Presidency and the Congress have four-year terms.

Two small parties—the Christian Democrats and the Innovation and Unity Party (PINU)—were sharing about 3 per cent of the vote.

Canadian steel strike ends

BY ROBERT GIBBENS IN MONTREAL

THE LONGEST and most critical strike in the history of Stelco, Canada's largest steel producer, is over. But even if the undisclosed contract terms are accepted by 14,000 workers in ratification votes this week, it will be a long while before all Stelco employees are called back.

The strike, which began on August 1, concerned pay increases, including the cost-of-living factor sought by the United Steel Workers.

Stelco's main production plants in Ontario and Quebec were completely shut down. The company produces between 6m and 7m tonnes per year, accounting for about 60 per cent of total Canadian production.

The steel market has slumped this autumn. This is the result of the gathering recession across Canada, and high interest rates.

These factors have hit the motor, truck, appliance and other steel-using industries, as well as housing, soft-goods manufacturing, and retailing.

Car plants, located mainly in Ontario, will be subject to extended Christmas shutdowns. One major appliance manufacturer has gone into receivership, leading to the layoff of more than 2,000 workers.

Stelco makes all types of rolled products and pipe. The transmission pipe area is the only one likely to show much strength in the next six months.

Mexico to curb expansion

BY WILLIAM CHISLETT IN MEXICO CITY

THE Mexican Government has announced a budget permitting limited expansion for 1982.

Real economic growth will be cut by 1.5 percentage points compared to 1981 to 6.5 per cent.

The oil sector, the pivot of the booming economy, will have its budget slashed by 15 per cent to try to stem the deterioration in Mexico's external financial position. Mexico's current account deficit this year will be a record \$10.8bn (£5.6bn) compared to \$6.6bn in 1980.

The budget of pesos 3.28 trillion (million million) (£66bn), which has an in-built public sector deficit of pesos 657bn, is 27.6 per cent higher than 1981.

But it represents no increase in real terms as the rate of inflation this year is running at about 28 per cent.

The Government feels it can obtain the high growth needed to soak up the pool of unemployed by curbing the expenditure of Pemex, the state oil monopoly and channelling proportionally more resources into other sectors.

Sr Ramon Aguirre, Planning and Budget Minister, said that a further 1m new jobs would be created by next year.

Pemex will receive pesos 395.8bn, 30 per cent of the total public sector budget. The company has invested heavily over the past three years and is now in a position, the Minister said, to export 1.5m barrels a day in 1982 with little extra capital investment needed.

Agriculture, Mexico's Achilles' heel, will receive pesos 303bn, a 38 per cent increase on last year

David Lascelles explores a political row which shows Massachusetts in a new light

Boston taxpayers' revolt brings fiscal turmoil

TAX-CUTTING may be all the rage in the U.S. these days as Reaganism sweeps the land. But the venerable old city of Boston has been thrown into fiscal turmoil by the taxpayers' revolt and the crisis has aggravated old political antagonisms at City Hall and on Beacon Hill, seat of the Massachusetts state legislature.

The bare facts are that Boston's sources of revenue have been drastically reduced by a popular referendum. This has forced Major Kevin White to make equally drastic reductions in spending, which was hit public services badly—and starkly exposed the seamier side of Boston's political establishment.

The people of Massachusetts—nick-named "Taxachusetts" because of its high taxes—last year passed proposition 2½, which required every municipality to reduce property tax to a maximum 2½ per cent of the fair market value of each property from its present rate of about 8-9 per cent. This was bad enough for most of the state, which relies heavily on property tax for revenue, but for Boston it was little short of disastrous.

Under the constitution, Boston may raise no taxes without state approval, which is grudging at the best of times. Boston had only ever been allowed to raise property tax, which was pretty limited anyway, because much of the city consists of tax-exempt buildings: government, medical and academic. But this meant that property owners were paying some of the highest property tax in the U.S.

Proposition 2½ required Boston to reduce property tax in steps until it reached 2½ per cent. But the proposition said nothing about what services were to be cut to balance the budget, or what taxes might be raised instead.

Mr White, a tough, flamboyant produce of Boston's Irish community who has been mayor since 1967, responded last summer by laying off thousands of policemen and firemen in what seemed a deliberate move to spread alarm and stir up a revolt against 2½.

But this ploy was soon overshadowed by a new crisis, the so-called "Tregor decision" which showed up Boston's tax collection methods in a most unflattering light and put a heavy new burden on the city's badly strained finances, which have already cost it its investment grade rating on the bond market.

For years, the city had made a habit of closing its budget gap by slapping extra taxes on commercial property. Last year, the owners of the Tregor Building, a commercial property in the city centre refused to pay the latest swingeing demand and took the city to court for levying unconstitutional taxes. The Tregor people won and the city was ordered to repay up to \$90m (£47m) in illegally levied taxes to Tregor and other property owners who had been bilked.

Governor Edward King of Massachusetts: vowed not to increase state taxes.

Mr White proposed a \$75m (£39.3m) bond issue to pay this bill. But the city council, which has to approve all bond issues, tired of his autocratic ways and decided to exact a high price for their support.

Its members sought, and got, stronger controls over the mayor's discretionary spending powers. Since the bond measure also proposed a new 20 per cent parking tax and other revenue measures to finance the loan, it needed the approval of the state legislature, which has little time for Boston's problems and is heavily slanted towards out-of-towners and commuters, who will be worst hit by the parking tax.

Hearings on the Bill are due to start this week.

Even if the Tregor bond row is speedily resolved, Boston must still grapple with the longer term problem of adjusting its budget to 2½. Revenues, which were nearly \$1bn last year, will fall to \$900m this year and will probably fall again next year.

Mr White has vowed to cut city services even more, which has alarmed a lot of Bostonians and led to street demonstrations. A recent poll of Massachusetts residents showed that 2½ would probably not have passed this year now that people have learned what it means.

But others see plenty of "fat" in the system, particularly in education; now that the baby boom has passed into adulthood.

When the city threatened to close swimming pools and stop organising the local basketball league to save \$900,000, local business got together and kept them all going for \$400,000. But will they stump up again next year? Nobody knows. Next year's city and state elections are bound to complicate things.

In the end, the state may well have to step in with some aid.

On Beacon Hill, the legislature is reckoned to be inclined to hear requests for aid without committing itself. However, Governor Edward King, who has vowed not to increase state taxes, is opposed.

Tax cutting is not all fun. But 2½ has also shown Massachusetts in a somewhat different light from the liberal, compassionate image embodied by its most famous sons, the Kennedys. Local political observers say 2½ was more a reaction against big, corrupt government than a stab at liberal notions. But the Kennedy Democrat tradition failed to prevent Mr Ronald Reagan from snatching Massachusetts by a hair's breadth from Mr Jimmy Carter in last year's presidential election.

Reagan to start talks with labour chiefs today

By Ian Hargreaves in New York

PRESIDENT Ronald Reagan will today open a two-day session of talks with U.S. labour leaders designed to re-assure organised labour that the Administration is not insensitive to their causes.

The White House is billing the event, the first full-scale summit with labour in the 11 months since Mr Reagan took office, as one of significance, even though there has been no indication that the President has anything specific to offer.

One possibility on any agenda would be agreement by the President to re-hire some of the 11,500 air traffic controllers, whose union has been broken by the tough stand Mr Reagan took against an illegal strike which began in August.

The case of the air traffic controllers is, however, only one of an increasingly lengthy list of grievances which the AFL-CIO, the country's labour federation, has with the Administration.

The federation also wants Mr Reagan to withdraw his nominations for a number of appointments, notably that of Mr John Van De Water, whom the President has proposed as chairman of the National Labour Relations Board.

The AFL-CIO is also concerned about a Bill now in Congress which would hamper picketing by making those on picket lines subject to possible long jail terms for any use, or threat, of violence.

Up to now, Mr Reagan has not chosen to hold any significant consultations with organised labour.

This has convinced most of the AFL-CIO's leaders that their only sensible political course is to build the movement's base of political influence within the Democratic Party, in advance of next November's mid-term Congressional elections, which could restore the Senate to Democrat control.

It is this strengthening alliance which President Reagan is now trying to weaken

WORLD TRADE NEWS

Russia to help India in search for onshore oil

BY K. K. SHARMA IN NEW DELHI

RUSSIA is to help India to explore for oil in several onshore tracts and to raise crude production rapidly in the next few years. The Soviet Union is expected to be awarded contracts for drilling in these tracts—the first time that foreigners will be allowed to work in Indian onshore oilfields.

A comprehensive protocol on Russian help for oil prospecting and production was signed in New Delhi yesterday by Mr P. C. Sethi, India's Minister for Petroleum, and Mr N. A. Maltsev, the Soviet Oil Minister, who has been in India for a week visiting oilfields.

Details of the Russian aid programme will be worked out by teams from the two countries, and it is expected that the contracts will be worth millions of dollars. Help will be limited to onshore tracts since the Russians have hardly any experience in offshore drilling.

Mr Sethi said that, with Russian help, India hoped to produce more than 30m tonnes of crude annually by 1985. This is the present target to meet 70 per cent of the country's need for oil from Indian fields against 30 per cent at present.

Much of the increased production is to come from the Bombay High offshore oilfields in the Western continental shelf, but there are plans to raise onshore production with Russian help.

The Russians will help in preparing projects and technical programmes for development of oilfields, provide project engineering, transfer technology for enhanced recovery methods, repair and renovate existing wells to increase their production and deliver all equipment necessary for the programme.

The tracts to be explored are in Rajasthan state, the Cauvery basin in South India, the Himalayan foothills, some parts of the existing Ankleshwar oilfield in Gujerat state and the potentially oil-rich Krishna-Godavari basin in south-west India.

Teams of Indian and Soviet specialists will carry out studies on each of these areas and prepare schemes for implementation next year. Russian experts will arrive in India soon.

In addition, the two countries have agreed to step up the pace of exploratory work in the States of Tripura and West Bengal. Work in both states will begin next January.

Russia is to also train Indian technicians in drilling and will send experts to the Institute of Drilling Technology in Dehra Dun, Uttar Pradesh. Russian specialists will also give on-site training to Indian drillers.

Rolls-Royce wins £30m Middle East contracts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has won contracts worth nearly £30m for the supply of electrical generating sets to the Middle East.

Two contracts are involved. The larger is for six Olympus engine-based generating sets worth £20m for Aramco (Arabian American Oil Company) of Dhahran, Saudi Arabia, for use off-shore in the Gulf on new gas production platforms in the Zuluf and Marjan fields. They are the first Rolls-Royce gas turbines ordered by Aramco.

The second contract, also from the Gulf is for three Olympus sets, worth about £10m, to be operated at a desert location in Sharjah, United Arab Emirates.

The two deals bring to £160m the current order book for Rolls-Royce industrial and marine turbines, which are built at Ansty, Coventry.

Rolls-Royce is also in negotiation with Dade County, Miami, Florida, in conjunction with Thermo Electron Corporation, for the provision of a gas-turbine-based power-generation system for the Downtown Miami Government Center Complex.

The cost of the total installed system, to be shared between Rolls-Royce, Thermo Electron and others involved will be about \$22m.

● Altergo, of the UK, through its Middle East marketing operation Altergo Services, has won a contract worth £1.8m from Saudia, the Saudi Arabian airline. The contract, which is to be completed in 18 months, was won by Altergo against U.S. competition and is for a flight operations information system.

The system will handle the operation of all Saudia flights and will set the assignment of qualified cockpit and cabin crew to each flight and the preparation and monitoring of each flight to ensure flight safety and schedule reliability.

New Delhi in line for Zambia deal

LUSAKA—Zambia has decided in principle to award a contract for a \$100m (£52.6m) scrap steel mill to India's Tata Group of companies, an Indian High Commission official said yesterday.

He said that President Kenneth Kaunda had announced the decision during a meeting yesterday with Nina Palkhivala, chairman of Tata Exports, who is visiting Zambia.

A detailed feasibility study had been completed and evaluated by independent experts, but financing for the plant, its exact location and a timetable for the project still had to be worked out, he said.

Dr Kaunda said he wanted the project to be completed as soon as possible as a long delay would increase the cost, the official added.

Zambia, a major producer of copper and cobalt, took initial steps towards establishing its own steel industry by setting up an iron ore mill at Chisasa in north-west Zambia in the early 1970s.

The scheme collapsed after oil prices shot up and problems arose over financing ore reserves.

Zambian officials say the ill-fated iron ore mill could cost the state up to \$85m by the time the wind-up exercise is completed. Experts are assessing the debts run up on the project, which was called Tika (Technical Industrial Kalumbila Associates).

Tika, based on a Yugoslav Feasibility study, was intended to process iron ore only, but the Indian Diplomat said yesterday that the Tata design was based on scrap metal.

Reuter

UK in Thai joint venture

BY MARTIN DICKSON

ALBRIGHT AND WILSON, the British-based chemicals company is taking a 30 per cent stake in a joint venture company in Thailand which will manufacture sodium tripolyphosphate, a basic raw material for the synthetic detergent industry.

The remaining 70 per cent stake in the new company—Thai Polyphosphate and Chemicals—will be held by Thai Rayon, part of the Birla group, the largest industrial company in India.

Albright and Wilson will provide the technology and expertise for the construction of an £11m plant to be built near Bangkok with an initial capacity of 20,000 tonnes a year. Commissioning is expected in the latter half of 1983.

The company will be the first manufacturer of sodium tripolyphosphate in Thailand, which currently imports about 20,000 tonnes of the chemical a year.

Move to cut Treasury's margin

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE GOVERNMENT'S search for economies has led it to seek a reduction in the margin the Treasury pays to banks handling medium- and long-term export credits denominated in sterling.

Following a letter to the banks from the Treasury two meetings have so far taken place with the four associations representing the clearing banks; the accepting houses, the U.S. banks and the British-based overseas and Commonwealth banks.

Through the Export Credits Guarantee Department (ECGD), the Treasury makes up the difference between the interest rate paid by the borrower and the market cost of funds. On top of that it pays a margin of 1.25 per cent. It now wants to cut that margin to 0.75 per cent.

The Treasury's attempt to make this cut has been met with keen resistance by the banks, and discussion at meetings so far has been forthright. ECGD is representing the Treasury in the talks.

The margin cut could simply be imposed, but there is no desire within the Government to take steps which might cut off the flow of export finance, especially when the savings will be modest.

Savings could build up to a maximum of about £10m a year, the equivalent of 2 per cent of the estimated current annual cost of subsidising the export credit interest rates for borrowers.

Export credits with a maturity of two years or longer cover about 4 per cent of UK exports, but less than half of these credits are denominated in sterling. The majority are denominated in dollars, and in such cases the margins are worked out on a case by case basis.

But export credit business among the banks has become increasingly competitive, to the extent that bank fees have sharply diminished. The apparent readiness of the banks to accepted reduced fees has led the Government to think there is some fat to be trimmed off the margin it is paying.

Asean's standing improves in the eyes of European businessmen

BY EMILIA TAGAZA IN MANILA

UNIMPRESSIVE achievements in intra-regional trade liberalisation and industrial co-operation have raised doubts about the viability of the Association of South East Asian Nations (Asean) as an economically integrated region similar to the European Economic Community (EEC).

But European businessmen are gradually being convinced that, like the EEC, Asean will eventually move to a higher level of integration and will prove to be one of the world's more dynamic regions for foreign trade and investment in the next few years.

This view emerged last week at the world business congress of the International Chamber of Commerce held in the Philippines, one of the member countries of Asean. The other members are Malaysia, Singapore, Indonesia and Thailand.

The EEC has, in fact, allocated a portion of the Community budget for pre-investment studies in the region. Mr Christiaan Van Veen, President of the Federation of Netherlands Industry, said that although EEC's current interest in Asean is concentrated on the transfer of technological know-how, this will eventually be expanded to direct investment in, and financing of, Asean's huge regional industrial projects.

Mr Van Veen said that, compared with similar groupings elsewhere in the world, Asean has not done badly in terms of economic co-operation. Even the EEC cannot claim that it is already fully integrated, he said.

Asean has identified three channels of economic integration, all of which so far have achieved few concrete results—the preferential trading arrangements (PTA), the Asean industrial projects (AIP), and the Asean industrial complementation scheme (AIC).

Tariff

Under the PTA, what has been agreed is a tariff reduction of between 20 per cent and 30 per cent on a range of low-value goods. The commodities included in this sector, now numbering almost 6,000 items, are mostly those with a low trade content, so the effect of the reduction is seen as a negligible contribution to intra-regional trade.

Mr Shahrir Abdul Samad, the Malaysian Deputy Minister of Trade and Industry admits: "Asean tends to do the easier and less controversial things first. For example, in the tariff talks, the listed items are the less sensitive ones, those that are not often traded in the region."

Mr Shahrir said that Asean Governments are treading the intra-regional trading path very cautiously because of the heterogeneous cultural and historical backgrounds of the members.

"If we rush, one or the other member might be offended and that would sound the death knell of Asean.

The PTA was designed to redirect Asean's trade pattern towards the Asian region. Trading has been heavily biased towards the U.S., Japan and the EEC countries. Japan and the U.S. jointly account for roughly 60 per cent of Asean's aggregate external trade volume. Trade with EEC accounts for almost 15 per cent, roughly equal to intra-Asean trade.

Asean's skewed pattern of trading reflects the Asean members' historical ties with their former colonisers. A Malaysian trade official said that Malaysians are more familiar with the goods and the tax laws of the U.K. than with those of its regional partners, although this is now under scrutiny in view of Malaysia's current bilateral disputes with Britain on a number of issues. Similarly, the Philippines maintains close ties with its former coloniser, the U.S.

Another factor that works against the PTA in Asean is that the members produce virtually the same products. Product exporters resist the listing of the items they produce as they expect to meet needless competition from other Asean producers. The Philippines has proposed a free trade zone in 10 years' time, but the other members have reacted indifferently.

The Asean Industrial Projects whose total value is about \$1.2bn, have not made much progress either. The projects are to be owned 60 per cent by the host country while the 40 per cent interest is to be divided equally among the other four participating members. The host country keeps the prerogative to share its 60 per cent ownership with foreign investors.

Five years after the AIps were drawn up, only Indonesia's and Malaysia's urea projects have got off the ground. Singapore recently gave up its diesel engine manufacturing project and is still deciding on an alternative. Singapore's decision was prompted by Indonesia's objection to Singapore's producing the whole range of diesel engines. Being the major Asean market for diesel engines, Indonesia had proposed that it produce some of the engines. The Philippines' original project, an integrated pulp and paper mill, has been replaced by a copper fabrication plant.

Official

Individual Asean members have also shown indifference towards the other members' projects. Singapore, for instance, is putting in only 2 per cent, instead of its expected share of 10 per cent, in Indonesia's area project.

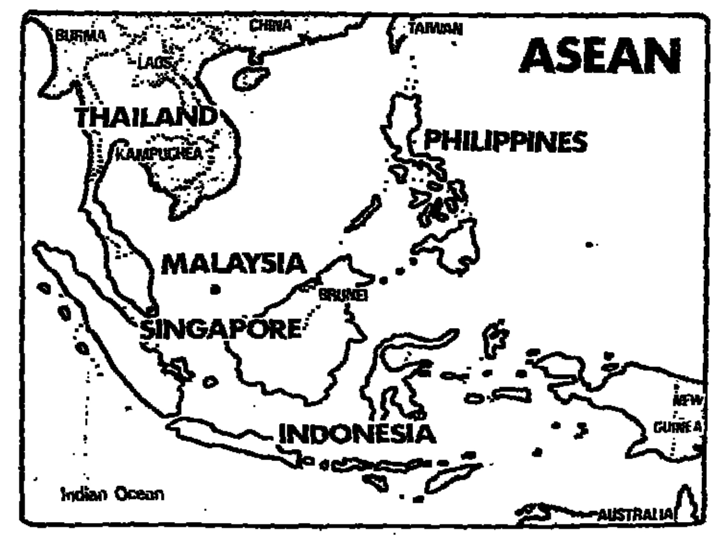
An Indonesian industry official said that Singapore's move was "rather unfair," but it is not Asean's policy to compel other members to take their full share of the projects. For the sake of maintaining regional solidarity, Indonesia has not raised the issue with Singapore.

Two years ago, Japan committed \$1bn to help finance the projects. The group, however, has claimed that there are strings attached to the fund. Japan has reportedly asked that feasibility studies be done by Japanese consultants and project contracts be awarded to Japanese companies.

Asean has then turned to the EEC for funding. During the last Asean-EEC council meeting in Manila late last year, Asean economic leaders tried to get a commitment from EEC, but EEC gave a lukewarm response.

The lacklustre performance of the PTA and the industrial projects — both Government under-takings—has prompted Asean to change its tack. The focus of industrial co-operation has shifted to the Asean industrial complementation scheme which essentially involves the private sector.

The automotive industry is Asean's first experiment in industrial complementation. Under the scheme, each member-country would produce an assigned auto part and intra-regional trade in these parts would be given preferential treatment.



Mr Fred Elizalde, vice-president of the Asean Chamber of Commerce and Industry, said: "We realise that regional economic integration will not work if it is not led by the private sector."

Although the Asean group admits that in terms of economic integration, the region has not made a real breakthrough, the Governments maintain the desire to move forward collectively and with flexibility. They consider this the vital starting point.

Mr Shahrir points to a Malaysian saying: "Slowly, slowly, catch a monkey." To the Malaysians, the monkey represents something very elusive. In this case, regional integration is still a very elusive idea.

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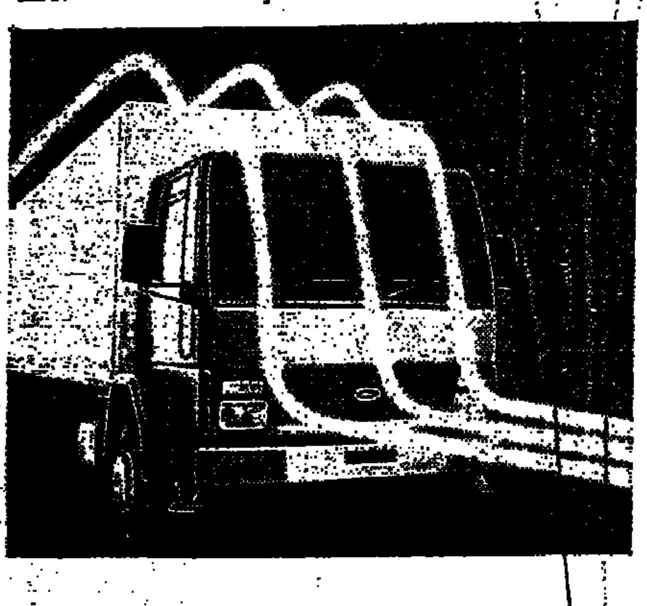

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Brittany Ferries to modernise its fleet

By Andrew Fisher, Shipping Correspondent

BRITTANY FERRIES, the French-owned operator of services to France and Spain, intends to modernise its fleet with the aid of funds provided by existing shareholders, regional authorities, and the Paris Government.

The company is one of the smaller ferry operators. But it has grown rapidly in recent years. Having lost about FFr 19m (£1.7m) last year and roughly the same in 1981, it aims to move into profit next year.

A new company is being set up with FFr 70m (£6.4m) capital—half of it from existing bank and agricultural co-operative shareholders—to invest in new vessels.

Most of the balance of FFr 30m is coming from regional departments in Brittany, with a local development bank putting up the other FFr 5m.

The French Government, keen to see French-owned companies gain a larger slice of traffic across the Channel, is also making a long-term loan of FFr 20m to the equipment company, said Mr Ian Carruthers, Brittany Ferries' general manager for the UK and Ireland.

Midland reforms card operation

BY ALAN FRIEDMAN

MIDLAND BANK is combining its cheque guarantee card and its AutoBank cash dispenser card into one new debit card to enable customers to withdraw up to £200 a week from a network of cash dispensers

From next March, a combined cheque guarantee/AutoBank card will be issued to customers renewing their guarantee cards. The system involves the placement of a magnetic strip on the back of Midland cheque guarantee cards and the phasing out of the separate AutoBank cards.

Starting April, Midland Access card-holders will also be able to draw cash from the bank's dispenser machines, with the debit charged to the Access account rather than the customer's current account.

Holders of the soon-to-be-launched upmarket Midland Gold MasterCard will be able to use it in Midland cash dispensers from the spring.

The Midland service — although not the first combined cheque and cash dispenser card —will be the most comprehensive in the UK. Barclays Bank already offers the combined features of a cheque guarantee and cash dispenser card through its own product.

Mr John Brooks, deputy group chief executive of Midland, told a Financial Times conference in London yesterday that the new debit card would "ultimately be used in the point-of-sale environment as, for instance, at the cash desk of a retail store."

Last week, the chief executives of the Big Four clearing banks plus Wiliams and Glyn's announced a decision to go ahead with the development of a UK system of point-of-sale terminals.

Customers could use a single bank debit card at a retailer and the purchase price would be automatically deducted from the customer's current account.

Mr Brooks said Midland also planned to install cash dispenser machines in factories and retail outlets.

By the end of next year, Midland plans to increase the number of bank branch cash dispenser machines it has in the UK from the current 225 to more than 500.

As for the new UK system of point-of-sale terminals, to be developed in the next five years, Mr Brooks said the cost would be in excess of earlier estimates of £15m, to be shared between banks and retailers.

There could be an additional £15m cost for bank handling equipment and another £20m for the terminals, bringing the total cost of the system to nearly £50m.

At National Westminster Bank, Mr Bert Morris, head of money transmission services, said of the Midland move: "It is obviously a service we would like to offer to our customers in due time."

He predicted "a service along parallel lines" for NatWest customers by the end of next year.

Scotland gets £10m low-interest jobs loan

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE SCOTTISH OFFICE yesterday signed its backing for a £10m in low interest loans from the European Coal and Steel Community, to areas of Scotland affected by closures in the coal and steel making industries. The Community has already provided £12.5m in low interest loans to which the UK Government for its part provides exchange risk cover.

The £10m will be split, with £5m administered by the Scottish Development Agency and £5m by the Glasgow-based Clydesdale Bank.

Officials estimated that the loans could help create more than 1,000 new jobs.

At a signing ceremony in Glasgow, Mr George Younger, the Secretary of State for Scotland, said Scotland had strong links with the Community. Among the benefits to Scotland have been grants from the European Regional Development Fund since 1975 totalling £185m, loans from the European Investment Bank of £570m, a further £25m from Euratom and £16m from the New Community Instrument — a special loan facility administered by the EEC for areas of particular need.

A condition for administering the loan from the European Coal and Steel Community is that a minimum of two new jobs must be created in each company for redundant coal or steel workers.

The Scottish Development Agency also announced the first deal to be approved under the distribution of its £5m portion of the loan.

Two directors of Munro and Junor, which was to close its Bells Hill factory in Lanarkshire this month, pooled their redundancy cash to form a new business and hire 22 of their former workmates.

Company directors Mr Sam Cullen and Mr John Tillman are to be backed by a £15,000 low-interest loan from the agency.

Tradewinds bid for BA all-cargo operations

By Michael Donne, Aerospace Correspondent

TRADEWINDS, the all-cargo airline based at Gatwick, has applied to the Civil Aviation Authority to operate all-cargo scheduled flights to destinations in Europe, Asia, Australasia, Africa and the U.S.

The aim is to be able to fly all-cargo scheduled services when British Airways ends its own scheduled all-cargo operations as part of its retrenchment programme at the end of the current financial year.

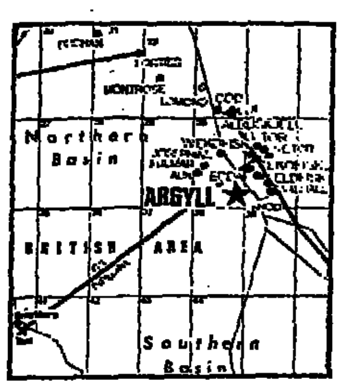
Although BA is pulling out of this operation—it will continue to carry substantial amounts of cargo in the holds of its passenger jets—Tradewinds believes that there is still business to be won in the field.

Tradewinds is also trying to widen the scope of its existing cargo licence, by seeking rights to use wide-bodied aircraft such as Boeing 747s and McDonnell Douglas DC-10s in addition to its existing fleet of three Boeing 707s. It plans to lease wide-bodied equipment.

Tradewinds was founded in 1968 and acquired in 1977 by Lonrho, which is encouraging the expansion of the company's activities. It employs about 200 and has chartered additional capacity when required.

Argyll field output 'could be halted for three weeks'

BY RAY DAFTER, ENERGY EDITOR



THE storm-battered Transworld 58 rig—the floating production platform for the North Sea Argyll Field — was yesterday towed into the Firth of Forth for inspection and repair work.

Hamilton Brothers, the field's operator, said it would be at least two to three weeks before production could resume. Much would depend on weather conditions and the speed with which anchor chains could be replaced.

Four of the rig's 12 anchor chains broke last week in one of the fiercest storms experienced by the offshore oil industry.

Hamilton Brothers said yesterday that the vessel had "stood up fine" to the emergency. Apart from the chains, the structure had not been damaged. Even so, divers and engineers would inspect the rig before it was towed back to the field, about 200 miles south east of Aberdeen. Some repair work will also be needed in the field.

Argyll was the first North Sea oilfield to be brought into production. It was always regarded as one of the smallest commercial reservoirs on the UK Continental Shelf, with a peak production rate of about 23,000 barrels a day.

However, Hamilton Brothers and its partners have since found more and more recoverable reserves in and around Argyll. Industry estimates put recoverable reserves at between 50m and 75m barrels.

Hamilton Brothers is drilling two further wells on the Argyll licence block, 30/24.

A development well is being drilled directly into the main Argyll structure by the semi-submersible rig Vildcat. Immediately to the east, an exploration well is being sunk by the semi-submersible vessel Ocean Victory.

It is thought that Ocean Victory is trying to prove the productive nature of a geological structure between the Argyll Field and a small satellite field to the west.

Hamilton Brothers is expected to carry out further drilling before deciding on exploiting the satellite reservoirs. Much may depend on the Government's proposed tax proposals for such small fields on the extremities of main producing reservoirs.

Interests in the Argyll Field are: Associated Newspapers (12.5 per cent); Hamilton Oil (28.8 per cent); Hamilton Petroleum (7.2 per cent); Kleinwort Benson (2.5 per cent); Rio Tinto-Zinc (25 per cent) and Texaco (24 per cent).

'Breakthrough' in foundry technology

BY ALAN CANE

A FOUNDRY technique which promises savings of more than 25 per cent in metal casting costs has been perfected by the UK foundries trade association, SCRATA.

The new technique—Replicast—which the association sees as a major breakthrough in casting technology, is being marketed world-wide by Foundry Services of Tamworth, part of the Foseco Minsep group.

Researchers at SCRATA (the Steel Castings Research and Trade Association) have perfected a method of making castings using as the pattern a model made of cheap, expendable expanded polystyrene.

Conventionally, patterns are cvut out of wood or plastic and made in two parts so that the inner detail of the casting—the inner surface of an engine manifold for example—can be properly reproduced.

The half-patterns are then surrounded by sand mixed with a bonding agent which takes the shape of the pattern. The half pattern is then removed, the two halves put together and molten metal poured into the mould.

In the new technique, the polystyrene pattern is coated with a thin layer of refractory paint, surrounded with dry sand in a large box and put under vaccuum, which holds the sand in position. When the molten metal is poured in the polystyrene burns away but the mould does not collapse.

For the foundry the advantages are cost (bonded sand costs £30 a tonne against £12 a tonne for dry sand), speed (from finished pattern to casting can be a matter of minutes), and quality. (Contamination of the casting by sand and slag is virtually eliminated.)

Mr Jeffrey Reynolds, the association's director, said this week he believed Replicast was one of the most important development in casting technology he had witnessed.

The average cost for a foundry installing the equipment from scratch could be £250,000, giving the potential to produce 15-20 tonnes of castings a week.

Details, Technology Page tomorrow.

Government 'failed to forecast tax revenue fall'

BY GARETH GRIFFITHS

THE FALL in revenue from spirits taxation in the UK last year was much sharper than the Government expected, the Wine and Spirit Association said yesterday. The estimated shortfall in exchequer receipts from spirits was more than £100m, it said.

Sales of spirits in the first quarter of 1981 fell by 2½m bottles compared with the same period last year, according to Customs and Excise figures.

The drinks industry had been operating without the benefit of official statistics for most of this year because of the Civil Service dispute.

The 10.9 per cent downturn in spirits volume in the last tax year was more than 250 per cent sharper than Treasury estimates at the time of the 1980 Budget.

Estimates of the revenue shortfall due to a fall in consumption have also been advanced by stockbrokers Buckmaster and Moore. The shortfall would have been greater, the stockbrokers' report argues, if consumers had not been encouraged to go on a drinks spending spree before the Budget.

The Treasury's record of estimated revenue receipts from changes in rates of tax on alcohol is a poor one, and the shortfall in Government receipts from this year's budget increases on tobacco and alcohol, put at an extra £1bn, will be some £600m, say Buckmaster and Moore.

Help urged for alcoholics

BY GARETH GRIFFITHS

COMPANIES should develop formal policies in close cooperation with the trade unions to deal with employees suffering from alcoholism, the Scotch Whisky Association said yesterday.

It said the workplace offered one of the best opportunities for educating people about the dangers of excessive drinking and for helping others who might already have drinking problems.

About 60 senior executives of Scotch whisky companies were meeting at Bathgate near Glasgow to discuss alcoholism. The meeting was arranged by the association, which wants to encourage member companies to draw up programmes to help alcoholic employees.

The association spends about £50,000 a year on research into alcohol-related problems and in the past five years has provided another £140,000 for seminars, conferences and additional research projects.

Mr Grant Gordon, chairman of the association's alcohol research and education committee, said the whisky industry should set an example to the rest of the economy in how to deal with alcoholism.

Management had to be constantly vigilant and only by encouraging sufferers to seek specialist advice could the problem be identified and real help be given.

The Government believes there are more than 740,000 people suffering from alcohol-related problems. Research suggests the drink industry has a higher proportion of employees with such problems than industry as a whole.

UK NEWS

Private and public sectors join for Chunnel scheme

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

BRITISH SHIPBUILDERS has joined the British Steel Corporation and five private companies, including Trafalgar House, in a partnership to promote and build a £3.8bn (1980 prices) bridge and tunnel link across the Channel. Mr Ian MacGregor, BSC chairman, said in London yesterday.

The other partners in the EuroRoute project are Fairclough Construction, John Howard and Company, Sir Robert McAlpine and Sons and Raymond International Builders of Houston, U.S.

The scheme, for a pair of two-lane roads above the Channel and twin rail tunnels on the seabed, was originally announced by Mr MacGregor to the House of Commons Select Committee on Transport a year ago. It is by far the most ambitious of the eight schemes being studied by the Government.

Mr MacGregor said the scheme would create an estimated 50,000 jobs at UK shipyards, platform yards, engineering works and cement and quarry works. A similar number of jobs would be created in France.

The Government had planned to make a final decision on which scheme should be allowed to go ahead by the end of this year. However, the French election in the summer and the commitment by President Mitterrand and Mrs Margaret Thatcher to start joint studies have delayed this.

A final decision is expected in the spring.

The British Government has said that any scheme which is to go ahead will have to be funded entirely by the private sector, although a form of political guarantee against the Government pulling out has not been ruled out.

Mr MacGregor insisted that his EuroRoute scheme could be funded by private investment and built without any Government finance or guarantees. "All we want is an assurance that there will be no Government intervention once the project has been given the go-ahead," he said at a Press conference to launch the partnership with British Shipbuilders.

The scheme could be funded by the issue of bonds by the authority to be set up by the seven partners.

The state-owned shipbuilding corporation had "some of the finest fabrication facilities in the world," Mr Robert Atkinson, its chairman, said at the meeting.

"The EuroRoute scheme would bring enormous benefits to Clydeside, Merseyside, and in the North-East." Other work could be done at the Chatham Royal Navy Dockyards, which the Government plans to close by 1984.

Mr MacGregor countered suggestions that the scheme was ambitious by saying that "any crossing between Britain and France which does not provide direct access for both road and rail vehicles is not responsive to the total public need."

The project would also provide work for British Steel Corporation works, which could help to provide the 1m tonnes of steel plate and reinforcing steel bar likely to be needed for the project.

Tolls for the proposed bridge and tunnels would be less than those likely to be charged by ferries in the 1980s and 1990s.

The partners had discussed their plans with potential French partners. Mr MacGregor would not name the companies approached, but said they included construction and other companies.

British Rail, which has its own £1bn scheme for a single, narrow bore rail-only tunnel, has been invited to join the EuroRoute project, Mr MacGregor said.

Workers at Shorts seek state aid

By Alan Watson, Belfast Correspondent

MANUAL WORKERS at the state-owned Short Brothers aircraft company at Belfast have asked Northern Ireland MPs to press the Government for an urgent injection of finance.

Mr Isaac Torrens, works committee chairman, said yesterday the company was still waiting for a government decision on a corporate plan submitted six months ago. Shorts, which was losing money, needed to get into full production of its SD360 commuter aircraft.

The committee asked three Unionist MPs, Mr James Molyneaux, Mr Peter Robinson and Mr James Kilfeder, to raise the matter with the Government.

Mr Torrens said high U.S. interest rates had made airlines reluctant to take up orders for Shorts existing SD330 commuter aircraft, while Ministry of Defence cuts had reduced work on missile systems. As a result the company had to put 1,400 of its 6,500 workers on short time.

"We are on a drip feed form of financing and no company of the magnitude of Shorts can survive for long in that way."

Accountancy firms in 'ideal merger'

BY DUNCAN CAMPBELL-SMITH

THORNTON BAKER, the accounting firm with the most regional offices, will merge with Jolliffe Cork, the London accountancy practice, which has a strong presence in the City.

Mr Tony Jolliffe, last year's Sherriff of the City of London, will become a partner of Thornton Baker on January 1, with 11 other partners from the firm which he and two colleagues founded in 1965.

Jolliffe Cork's London and Southampton offices will join the Thornton Baker network of 57 practices.

Mr Arthur Green, managing partner of Thornton Baker, welcomed the merger yesterday. He said it would build up his firm's London base, at present smaller than that of many competitors, strengthening it "in terms of size, new accounts and commercial expertise."

Jolliffe Cork operated from 1976 to 1980 as a joint firm with Cork Gully, the City accounting firm which merged with Coopers and Lybrand in July last year. While retaining its name, Jolliffe Cork then reverted to its previous independent status.

But the burden of rising overheads, particularly costs of staff training, encouraged the search for a new partner, said Mr Joliffe.

Merger talks with a number of firms lead to "an ideal one" with Thornton Baker, whose partners had "the same philosophy of growth based on personal service to the client."

The new firm will have nearly 1,500 professional staff and can hope to earn fee income approaching £40m next year, much of it from small and medium family businesses.

Its enlarged London office, the undoubted key to the merger, will have 30 partners and 350 staff.

Mr Ian Percy, Thornton Baker's group managing partner for the London region, said the firm's acknowledged strengths in auditing, taxation and insolvency would not be enough on their own to ensure growth in the next 15 years.

"We want to offer more and better business services, particularly to help clients pulling out of the current recession. The London office must have a big role to play in this expansion."

Eight of Jolliffe Cork's partners have opted not to join the merger, reflecting, said Mr Jolliffe, doubts about its applicability to their own local practices.

The firm's Wakefield office is to become independent. The Manchester and Birmingham offices, in an etirely amicable arrangement, are understood to be planning futures with other firms.

City exhibition is opened by Lord Mayor

BY JAMES McDONALD

"THE CITY of London is the only place in the country where lasting economic regeneration can be triggered," said Sir Christopher Leaver, the Lord Mayor, in the City's Barbican Centre yesterday.

Sir Christopher, who was opening the City of London Exhibition in the Centre, said: "It is quite clear that until there is a better climate for business and industry, London's job decline will continue."

It was a depressing note on which to open a business exhibition, he admitted. "But I think the encouraging thing is that for the first time we have a very strong current of opinion shared by the mainline of all the political parties. There is agreement, at least, that rates and taxes at high levels may save a few jobs in the public sector, but they remove far, far more jobs in private sector."

In London far too little support was being given to the tourist industry, whose earnings annually brought in £2bn to London. Only the City contributed more to the capital's wealth, he said. "It boils down to the fact that there has been no lobby for London as there have been lobbies for other regions."

The exhibition, which will run until Friday, is sponsored by the London Chamber of Commerce and Industry.

Two conferences are running concurrently with the exhibition. Today and tomorrow there is an "International Finance for Development" conference, organised by the Financial Times and the City University Business School—both with displays in the exhibition.

On Thursday and Friday there will be a conference on trade and industrial co-operation between the EEC and ACP Countries. It will deal with the machanics of trading under the Lome Convention and organised by the London Chamber of Commerce and Industry.

Banks 'must adapt to electronic exchange of value'

BY WILLIAM HALL AND ALAN FRIEDMAN

FINANCIAL TIMES
RETAIL BANKING
CONFERENCE

THE "forms of banking" must change radically if the substance is to be preserved. Banks will have to adapt to the electronic transmission of value, according to **Mr Dee Hock**, president of Visa International.

Mr Hock told a conference on retail banking organised by the Financial Times, Retail Banker International and The Banker: "It makes no sense for a banker to attempt to prevent the consequences of the electronic exchange of value from pouring down on him."

It was foolish to assume insurance companies, retailers, brokerage houses and any other organisation with data communications and consumer-service expertise would not be influenced by the experience of comparable companies in other nations which had successfully ventured into lending or payment activity.

Delivered

In future, Mr Hock said, banking service would be delivered to customers wherever they happened to be. The customer could not forever be enticed to the banking door. He said bankers whose minds were irrevocably rooted in the past would be overwhelmed by events.

Mr Russell Hogg, president of MasterCard International, criticised his company's competitors, American Express and Visa. Whereas MasterCard was an association designed to be flexible enough to accommodate local marketing requirements, the mission of the American Express card, he said, was to add to the profitability of the American Express company.

The recent purchase by American Express of Shearson Loeb Rhoades, the Wall Street brokerage house, was a great concern to many American banks. This was because American Express would take advantage of its unregulated status to provide a full range of financial services.

The value exchange philosophy espoused by Mr Hock of Visa, said Mr Hogg, stated that Visa had a single aim: the development of a new medium of exchange for the world. The functions of banks, however, transcended mere value exchange and included the granting of credit, investment and money management counselling and other services.

He criticised Visa's decision to allow non-bank members, such as Merrill Lynch, Budget Rent-A-Car, Channel Lumber and British Airways, to offer Visa cards. MasterCard would continue to be solely a bank product.

Mr John Brooks, deputy group chief executive of Midland Bank, called for banks to co-operate to avoid a wasteful world-wide proliferation of systems while competing to meet retail customers' needs.

He called for co-operation on payment systems, such as automatic teller machines and debit cards, cheque-guarantee cards and credit cards, travellers cheques and premium cards. Co-operation would achieve national and international standards.

Mr Brooks said: "Midland has established a strategic link involving Thomas Cook, Euro-Travellers Cheque International and MasterCard—with its connection to Access and Eurocard—and will, I hope, shortly be linked more directly into the Eurocheque scheme which could develop as a European banks' debit card."

Mr Jim Larkin, executive vice-president of the consumer financial services group of American Express, said success in payment systems was ultimately a function of only one activity, providing the customer with a superior product or service at the time and place he wanted to use it, and at a reasonable cost to the customer and at a profit to the bank.

Until recently many bankers had regarded payment systems as peripheral to banking. This was changing, however, as bankers recognised that many forms of payment systems lost money.

There were three strategic decisions facing banks:

- Should they develop, own and control their own payment system?
- Should they obtain payment-system products from third-party suppliers for resale to their customers?
- Which global partner should they consult with to ensure world-wide customer satisfaction?

Mr Larkin said: "We at American Express believe that the future will be characterised by a partnership between those who run and operate global delivery systems with financial institutions dedicated to offering flexible products and superior customer service at the lowest possible cost."

Mr Daniel Cardon de Lichtbuer, a director of Banque Bruxelles Lambert, said it was important European banks broke out of the isolated position in which they found themselves.

There was a tendency for the public to be increasingly critical of banks. High interest rates and tariffs had led to a deterioration in the image of banks in the eyes of the public and government. This made banks the scapegoats for the ills of individual economies.

Demanding

Consequently, banks needed to get much closer psychologically to their demanding and worried clientele. They needed to solve the problem of maintaining customer loyalty and countering emergent competition from new institutions.

Mr Joao Fonseca, European head of Visa International, said the problem of fraud and credit control was becoming of major importance to banks in the credit card and traveller's cheque business. With the present level of control over payment transactions it was not possible for the market to expand properly, because losses would certainly progress geometrically.

Visa believed this situation could only be resolved by taking decisive steps towards an electronic environment which would bring real time control closer, or even make it possible in the more important merchant activities, he said.

The sophisticated technology and hardware needed involved significant investments. These should be made not in competition but in co-operation.

Mr Carl Martin, managing director of Eurocard International, said that of the 50 largest European banks more than 30 co-operated in a Eurocard system. It was a flexible forum for resolving their problems. The potential for expanding the card-holder base in Europe was vast.

Post Office forced to raise pension fund contributions

BY CHRISTINE MOIR

THE £3bn Post Office pension fund, which covers the Post Office and British Telecom, has a total estimated deficiency related to past pension promises of £2.3bn.

In addition, to meet current pension agreements the Post Office has been forced to raise its contributions from 15 per cent of salaries to 18 per cent. Employees contributions amount to 6 per cent.

The bulk of the historic deficiency — about £1.5bn — is met by annual contributions of £168.8m from the Post Office under a deed of covenant. This relates to the liabilities assumed by the Post Office when the fund started in 1969.

In the following 10 years the gap between the value of the fund and the pensions promised grew to £779m according to the most recent assumptions made by the actuary. This deficiency is being made up by annual installments—equivalent to £81.2m last year.

The actuary's valuation — made at March 31, 1979 — was published yesterday with the report and accounts for the fund.

It contains a number of important changes to the assumptions made in the last valuation in 1976. Long term inflation is expected to run at 7 per cent a year instead of 5 per cent, and the real rate of return achievable from investments will be 3 per cent instead of 4 per cent, the actuary estimates.

As a result, contributions will need to rise from 15 per cent to 18 per cent of salaries. The cost of meeting this for the period between 1979 and 1981 has meant an extra £103.7m payment by the Post Office to the fund in the accounts just published. This is in addition to the £206.4m normal employer's contribution.

The enormous cost of providing pensions under the Post Office's agreement with its staff, is partially met by the investment return from the assets of the fund which have recently outperformed the actuary's projections. At the end of March these were valued at £3.07bn, a £625m increase on the previous year.

Holdings of overseas securities amounted to about 18 per cent of that total on estimate, after a year in which the fund invested £153m abroad compared with £190m in UK equities and £103m in gilt-edged and fixed securities. Property absorbed £133m, including budgeted expenditure on developments.

The total investment return over the year was 25 per cent, including an 8 per cent growth in income.

The fund has invested £20.6m in unlisted securities, which are estimated to have a market value of £22.6m.

Leyland change costs 4,100 jobs

BY JOHN GRIFFITHS

LEYLAND GROUP, the umbrella organisation for BL's commercial vehicle activities, has introduced the first management and organisation changes under its restructuring plans announced just over a week ago. About 4,100 jobs will be lost and capacity cut by 10 per cent.

The key change is appointment of directors for the seven operating divisions round which Leyland Trucks, which manufactures all commercial vehicles except buses, is being remodelled.

Each in future will be managed as a separate unit responsible for its own production, materials, manufacturing, engineering, quality, finance and workers. Previously they were centrally managed as one operation by Leyland Trucks.

The new divisions are axle production, at Albion, Glasgow, director Mr Roy Dale; engine production, Bathgate, Scotland (Mr Bill Harris); vehicle assembly, Bathgate (Mr George Newburn): vehicle assembly, Leyland (Mr Tony Jordan); engine production, Leyland (Mr Les Southworth); foundry operations, Leyland (Mr John Oliver); and vehicle assembly Scammel, Watford (Mr Vic Wilkes).

Leyland Trucks gets a new board member, Mr Howard Kirkham, who becomes director of finance and systems. He moves to Leyland Trucks from Land-Rover, where he was plant director.

Previously the function was fulfilled by Mr Tony Rose, who in Leyland Group's three-tier structure acted as finance director for the group, Leyland Vehicles and Leyland Trucks.

Mr Rose will continue as finance director of the group and of Leyland Vehicles.

Leyland is expected to announce a further reorganisation within two weeks affecting product development and sales and marketing.

Substitute natural gas plans boosted

BY DAVID FISHLOCK

A RECORD-BREAKING run has been achieved by British Gas's refurbished slagging gasifier at its Westfield Development Centre in Scotland.

The slagging gasifier is the basis of the corporation's plans for a process converting British coal to substitute natural gas (SNG) when North Sea gas runs out.

British Gas is offering licences for plants based on slagging gasifiers of up to 8 ft diameter, converting 600-800 tonnes of coal daily, backed by full commercial guarantees.

The refurbished 6 ft reactors at Westfield, recommissioned last summer, have already more than doubled the previous record 23 days of uninterrupted operation. The development team aims for what it calls a "long demonstration run," lasting between two and three months.

The gasifier is converting about 300 tonnes of coal a day to gas.

Len Murray steps in to save latest BPC deal

By Duncan Campbell-Smith

MR LEN MURRAY, General Secretary of the TUC, has put his weight behind the continuing efforts of Mr Robert Maxwell to reduce manning levels while consolidating a large part of the UK printing industry.

An eleventh hour intervention by Mr Murray last Friday night has allowed Mr Maxwell to buy the Carlisle Web Offset printing business, despite union opposition earlier on Friday. The National Graphical Association had rejected the terms of Mr Maxwell's bid, which included redundancy plans.

Since February, Mr Maxwell has been chief executive of BPC, formerly the British Printing Corporation, and easily the UK's largest printing company. He rescued it from imminent collapse in April with a plan involving at least 2,500 redundancies, on which the company has now embarked.

While slimming BPC's own operations, however, Mr Maxwell has pursued a number of acquisitions in the print industry.

Conditional agreement for BPC to acquire Carlisle Web Offset was reached in October. Mr Maxwell pulled out on November 18—insisting that no brinkmanship was involved—in the face of opposition from Slade, one of three print unions at the plant.

The receiver, Mr Ian McIsaac of Touche, Ross, started a lay-off programme on November 20. Slade withdrew its opposition to the takeover last week and on Thursday Mr McIsaac rang Mr Maxwell to rekindle the deal.

The NGA's opposition apparently followed an address to the workforce by Mr Maxwell on Friday.

Mr Murray made telephone calls from his London office until late into the evening, as a result of which the deal was completed between Mr Maxwell and the receiver at 2.30 am on Saturday.

The company has become a wholly owned subsidiary of BPC, which has offered 150 permanent jobs and "about 110 temporary jobs" to the old workforce of 260 people.

Economists predict slow growth in output next year

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

ECONOMISTS in UK businesses expect a sluggish growth of output in the UK next year, with inflation remaining in double figures until 1983.

THE REAL ECONOMY

(Percent change on year earlier, volume)	1982	1983
Real GDP — average estimate	+1.0	+2.0
Consumers expenditure	−0.3	+1.9
Public authorities current spending	+0.5	+0.4
Total gross fixed investment	−1.3	+6.7
Retail price index	+10.6	+10.2
Current account balance	+£2,000m	−£1,800m

Source: Society of Business Economists

These are the main conclusions of a forecast published today as a result of a questionneire sent out by the Society of Business Economists to its members.

The economists believe the main pressure behind expansion next year will be an increase in stocks of £300m after this year's fall.

This would help raise output by 1 per cent next year (1982) and 2 per cent in 1983, when restocking is expected to amount to £1bn.

The economists base their forecasts on the belief that interest rates will continue to fall from the high level of October 1981.

They also believe that consumers' spending will fall slightly next year but will rise nearly 2 per cent in 1983.

Economists in private industry were significantly more pessimistic about next year's growth prospects than their colleagues in banking and finance.

About 80 per cent of the economists in private industry thought the growth in output next year would be less than 1 per cent. Only 70 per cent of those from banking and finance thought so.

The economists' forecast for output growth is about half-way between those of the National Institute of Economic and Social Research (published last week) and the London Business School.

The business economists agree closely with the institute in predicting a sharp increase of imports next year (up 6.8 per cent) and a slower rise in exports (up 2.2 per cent).

They believe the growth of earnings (up 10.2 per cent in 1982 and up 10 per cent in 1983) will remain slightly below the rate of increase of prices.

The forecasting group as a whole predicts a current account balance of payments surplus of about £2bn next year, although the largest single group of economists expected a surplus of £1bn or less.

The group as a whole expected sterling to remain at about $1.80, but believed its trade weighted index would fall from the present value of a little over 90 to about 84.

Shell refinery to cut capacity by half

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SHELL PLANS to cut capacity at Shell Haven, its Essex oil-refinery, by half over the next five years, with a loss of more than 500 jobs.

The company yesterday blamed a larger than expected drop in UK demand for oil products. It will mean a cut in the refinery's capacity from 8m tonnes a year now to about 4m tonnes in 1986.

The refinery employs 1,376 staff. This is due to drop to 1,270 by the start of 1984 under a rationalisation programme announced three years ago. The company now says it will need only 835 employees in 1986, a drop of 541 on the present level and of 435 on that of 1984.

The move, discussed with the unions, is the latest in a wave of refinery cuts and closures by companies across Europe.

In the UK, British Petroleum has announced plans to close its 10.5m-tonnes-a-year refinery on the Isle of Grain, Kent, and Burmah Oil is closing its Ellesmere Port refinery, Cheshire.

Shell said yesterday it hoped the staff cuts at Shell Haven could be achieved through the continuation of voluntary severance, early retirement, and redeployment. Employees had been told there would be no enforced redundancies in 1982 but it could not guarantee this for later.

The company said the rationalisation programme it announced three years ago had been based on expected UK demand for Shell products of 18m tonnes in the 1980s. It had now, however, lowered this to 13m tonnes, forcing closure of several Shell Haven units.

Factory closures at Tootal

By Nick Garnett, Northern Correspondent

THE TOOTAL textile group is closing three clothing factories in England and Scotland, involving 255 redundancies.

A further 30 job losses were announced by the group yesterday as a result of increased integration of the Rael-Brook shirt-making business with Tootal Menswear.

The English closures are of the Humphrey Lloyd shirt-making plants in Droylsden, Manchester, with the loss of 75 jobs, and at St Helen's, Merseyside, involving 90 redundancies.

Edward Macbean, Glasgow, is to be shut in January with the loss of 90 jobs. The company, which used to be heavily involved supplying the fishing industry, has tried unsuccessfully to adjust to changing markets

Rank's U.S. investors fight share issue block

By Raymond Hughes, Law Courts Correspondent

U.S. INVESTORS in Rank Organisation contended in the High Court yesterday that they had been wrongly excluded from an offer of 20m new Rank shares.

Mutual Life Insurance of New York and 80 other U.S. investors complain they were discriminated against by the Rank directors when the offer was made in 1975.

Half the shares were offered to the public, preference being given to English shareholders, and half to the English shareholders. U.S. investors were excluded from both parts of the offer.

Rank contended that the decision to exclude the U.S. investors had been taken by its directors in good faith and in the company's interests.

The esclusion had been necessary in order to comply with U.S. law—the 1933 Securities Act—and the Rules and Regulations of the Securities Exchange Commission, Rank contended.

Mr Peter Curry, QC, for Mutual and its fellow plaintiffs, told Mr Justice Goulding that nearly half Rank's shares were held by U.S. investors through a system called American depository receipts.

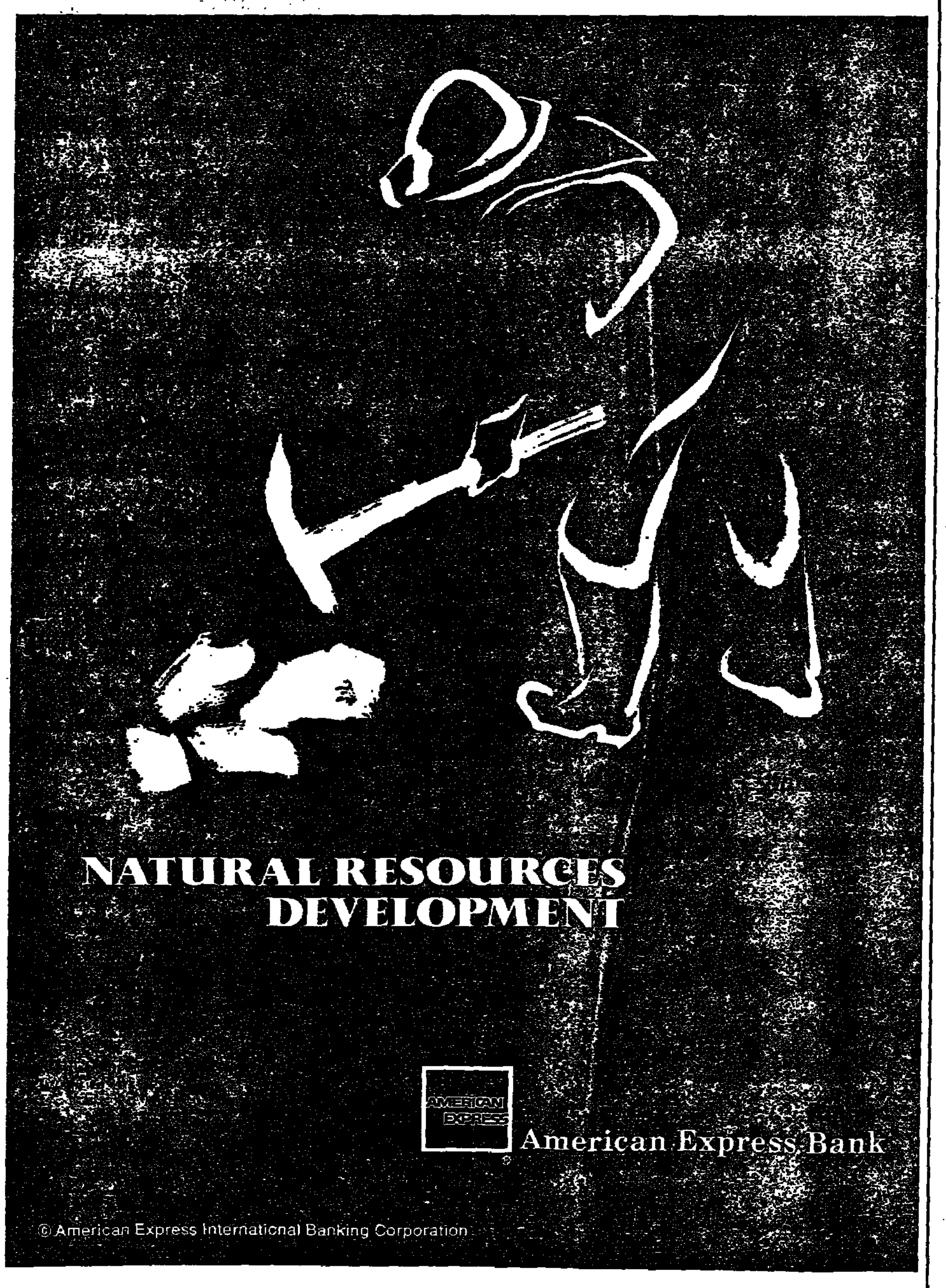
That system had been set up by Morgan Guaranty Trust of New York. It enabled U.S. investors to invest in foreign companies and avoid complications in connection with dividends and the disposal of shares.

Morgan bought Rank shares on behalf of the investors, the shares being registered in the name of Morgan's nominee comfpany, Guaranty Nominees. Morgan issued depositary receipts to the investors.

Mr Curry said that the plaintiffs contended that Morgan and Guaranty, both of whom had been joined as defendants with Rank, held the shares as trustees for the investors.

The case concerned the powers of Rank's directors under the company's articles of association. The plaintiffs said the directors were not entitled to give an advantage to one set of shareholders and not to another.

It was not suggested that the directors acted in bad faith-



Civil Service pay row complaints not upheld by ILO

BY PHILIP BASSETT, LABOUR STAFF

COMPLAINTS BY Britain's Civil Service unions that the Government's handling of the 21-week civil servants' pay dispute this year breached international conventions have not been upheld by the International Labour Organisation.

The ILO judgement, welcomed by both the Trades Union Congress and the Civil Service unions, was critical, however, of many of the Government's actions which precipitated the five-month-long strikes.

The TUC, with the International Confederation of Free Trade Unions and the Public Services International, lodged a complaint against the UK Government during the dispute.

It was that the Government had violated certain international conventions by suspending the comparability-based Civil Service pay agreement, by its refusal to negotiate with the unions and its refusal to allow the dispute to go to arbitration.

The Government had ratified the relevant convention articles. It told the ILO there was nothing in the dispute which could support the union's allegations.

Of the TUC's specific complaints the ILO concluded:

● Freedom of association (convention 87)—high-level negotiations between the parties took place until a settlement had been reached, which satisfied the convention's requirements;

● Collective bargaining (convention 98)—could not be invoked because a large proportion of the workers involved were state employees and were therefore excluded from the convention's terms under Article 6;

● Labour relations, public service (convention 151)—the ILO reached no firm conclusion over a complaint under Article 7, on fully using the negotiation machinery, though it noted that by the suspension of the pay agreement "the unions may accordingly have been placed in a weaker position than they would normally have been."

Under Article 8, the settlement of the dispute through negotiation, the ILO says again the Government's actions did not appear to conflict with the article.

The ILO regretted, however, that the Government's suspension of the pay agreement had denied the usual pay-research comparability reports to both sides. It hoped the Government would stick, on this year's pay deal, to its promise to refer any arbitration award to Parliament on the grounds only of overriding national policy.

Whitehall officials involved in the case were not perturbed by the ILO's criticisms. They welcomed that the judgment did not show the Government in breach of international conventions.

Both the TUC and the Council of Civil Service Unions, however, emphasised the judgment's critical aspects. The CCSU said the judgment supported its claim the Government breached the pay agreement and later withdrew from it without giving the full notice required.

Mr Bill Kendall, CCSU secretary-general, said: "The moral advantage in the 1981 dispute was always with the unions and union industrial action was in the circumstances entirely appropriate and justified.

Overtime ban may hit benefit

By Our Labour Staff

CIVIL SERVICE clerical staff will begin a ban today on overtime at about 900 benefit offices which could lead to delays in paying unemployment and supplementary benefit.

The ban, lifted to deal with the backlog of work after the 21-week Civil Service pay strikes, is reimposed by the Civil and Public Services Association in the Department of Health and Social Security in protest at inadequate staffing.

Mr Terry Ainsworth, CPSA assistant secretary, said: "The benefit offices were not designed to cope with 3m unemployed and despite our constant warnings the system is very near collapse." He said CPSA benefit office members worked a total of 213,000 hours' overtime in September, compared with 20,000-30,000 earlier in the year.

Some union members will be urged not to return to work for the day after protest meetings on December 17, when the court case opens in Edinburgh against Mr Ted Elsey, an assistant secretary of the Inland Revenue Staff Federation. The call is also backed by the Society of Civil and Public Servants.

Mr Elsey is charged under the 1875 Conspiracy and Protection of Property Act with following in a disorderly manner two senior Revenue officials collecting blacked mail.

Engineering industry nears wage accord

BY OUR LABOUR STAFF

FINAL ACCEPTANCES of a 5.06 per cent pay offer, affecting about 2.5m workers, seemed assured last night following a decision by rank-and-file delegates of the industry's dominant union, the Amalgamated Union of Engineering Workers to approve the offer.

The acceptance of the offer by the AUEW engineering section's national committee is likely to lead to formal approval of the deal by the Confederation of Shipbuilding and Engineering Unions.

The engineering industry deal is traditionally of considerable significance to the shape of the winter wage round. The eventual deal will set national minimum rates directly for about 1.5m workers, which determine the rates for shift and overtime working, with actual paid rates being settled at company or plant level under the second stage of the industry's two-tier bargaining system.

The Right-wing dominated national committee first rejected by 55 votes to 34 a proposal to seek an increase larger than 5.01 per cent, which may be worth no more than 3.8 per cent in real average increases, and to support this with an overtime ban throughout the industry.

When this was defeated, the committee accepted by 57 to 32 the unanimous recommendation of the right-dominated AUEW executive council to approve the offer, which will take the skilled workers present national minimum of £79 to £83, and that of the unskilled from £56.80 to £59.70.

Mr Terry Duffy, AUEW president, warned of a "major battle" in the industry next year, when the unions would be seeking a further reduction in working time.

The settlement to the prolonged industrial dispute in 1979 gave an hour off the working week from November this year. This reduction is at the heart of the present BL Longbridge strike.

Notable absences at miners' peace meeting

BY CHRISTIAN TYLER, LABOUR EDITOR

MINERS UNIONS from all over the world gathered at a Newcastle hotel yesterday for a two-day conference on peace and detente.

It was pure coincidence that the conference opened at the very moment when the strategic negotiators of the U.S. and the Soviet Union began their discussions in Geneva on reductions of nuclear weapons in Europe.

But it has proved almost as difficult to bring the miners together as the two super powers. Miners' delegates from the U.S. and West Germany were conspicuous by their absence. The West Germans refused on the grounds that meeting the East Europeans and Russians would be giving the Communists political capital. As a result, the French, Belgians and Swedes also refused invitations.

The Australians could not make it because they were in negotiations, the Indian representative was tied up at the International Labour Organisation, and the Greeks, who set off by train from Athens, were lost somewhere in Europe. The Vietnamese simply could not get visas.

The conference, proposed two years ago by Mr Joe Gormley, president of the British National Union of Mineworkers, is sponsored by the NUM.

Yesterday's formal speeches were characterised by a notable independence of spirit, even from East European delegates. The exceptions were the East Germans and the Russians, who more or less took the party line. One interesting feature of the conference is that the Polish Solidarity movement is represented, as is the official Polish miners' union.

When the day ended Mr Gormley said that it was not enough for the TUC or the Labour Party or trade unions in any country merely to pass resolutions in favour of nuclear disarmament. The miners, as politically-aware representatives of workers everywhere, should be giving practical effect to a universal desire for the dismantling of weapons of destruction.

He regretted the decision of some countries not to send representatives. Much more adverse political capital would be made of their absence than of their presence, he said.

He had been particularly impressed by contributions from Hungary and Bulgaria which suggested that the miners there could bring genuine pressure to bear on their respective governments.

"It doesn't matter to me what the political ideology is of the man who presses the nuclear button, because it don't matter to the rest of the world. There is a genuine desire on the part of the people of this world to get out from under this threat of nuclear war," said Mr Gormley. The conference, which has been closed to the Press will end tonight after general discussion.

De Lorean halted by door dispute

A DISPUTE at the De Lorean sports car factory in Belfast, which is supported by £80m of Government funds, has halted production.

The dispute is understood to involve a small number of workers who produce the car's gull-wing doors.

The company said on Friday that a shortage of one component—now known to be the doors—would mean a loss of production yesterday and today.

However, De Lorean said in Belfast yesterday that because of "unofficial action by some of the workforce" it would not be able to restart production as planned.

The company would not discuss details of the dispute, but it is believed to stem from the management's attempt to improve the flow of doors to the production line.

More than 6,000 cars were shipped from the factory to the U.S. by November 18, and about 2,000 have been delivered to customers. Last week the company announced a voluntary recall of all cars after the discovery of a loose nut securing the lower ball joint to the stabiliser bar on the suspension.

The only other dispute which has affected output was last month, when more than a day's production was lost after a row involving workers in the body-press section.

Government hints at union democracy laws

BY BRIAN GROOM, LABOUR STAFF

THE GOVERNMENT indicated yesterday that the internal democracy of trade unions, which its latest labour law proposals avoid interfering with, could be the subject of future legislation if the unions did not reform themselves.

Mr David Waddington, Parliamentary Under-Secretary for Employment, told a London conference on trade union law, organised by the Industrial Society, that the Government's plans were the "minimum necessary," and that it was not picking a fight with the unions.

If union reforms did not come from within, "in time a Government would have to react to democratic pressure to democratise the unions themselves."

A Government was unlikely to sit by indefinitely "while trade unions abuse the democratic rights of their own members, insisting on important decisions being taken at mass meetings by show of hands where there is all too much opportunity for intimidation, by cancelling ballots when they don't like the result, and similar scandals."

Th latest proposals contain no plans to make secret ballots compulsory, and union legislatio after next year is unlikely before a General Election.

Mr Walter Goldsmith, director-general of the Institute of Directors, welcomed the Government package, the most controversial part of which would open up union funds to actions for damages for "unlawful" industrial action, as laying foundations for better productivity and industrial performance.

Lord Wedderburn, the labour law academic, attacked the Government proposals, saying that if he were an industrial relations man they would scare him stiff.

Not only did they plan to curb union immunities from legal actions, attack human rights to combine, withdraw labour and bargain; they also held the danger of third parties throwing a writ into "combustible industrial relations situations."

PM meets young jobless

By Ivo Dawnay, Labour Staff

THE 400 young unemployed people on the Jobs Express train completed their week-long ten-city tour yesterday with a meeting with Mrs Margaret Thatcher at which they sought assurances of fundamental changes to the Youth Opportunities Programme and new training and education schemes.

After the 30-minute meeting, Mr Mike Carr, aged 22, an unemployed caterer from Middlesbrough, Teesside, said that the Prime Minister had given no message of encouragement to the campaigners.

"Over 1m young people will not be satisfied with her answers," he said. "We shall pursue our case by taking it back to the people."

Earlier, Mr Michael Foot had congratulated the campaigners and assured them that the Labour Party would puruse their objectives on returning to power. However, he warned that both the Opposition and the trade unions were limited in their ability to cause the Government to take action.

"I do not believe you can settle these things by a general strike, or by taking to the streets," he said.

Mr Michael Alison, the Employment Minister, told the campaigners that the Government was increasing its employment support programmes from £1.1bn to £1.5bn a year, of which about half would be directed at young people.

Details of a new training initiative were to be announced shortly, he said.

However, Mr Neil Kinnock, the shadow Education Secretary, told the meeting that a Labour government would give all unemployed young people between the ages of 16 and 19 the status of student trainees.

Oil prices 'likely to fall by 15-20%'

By Ray Dafter, Energy Editor

OIL PRICES are likely to fall by 15 per cent to 20 per cent over the next five years, Prof. Peter Odell, the energy industry analyst, told a House of Commons select committee last night.

Prof Odell, of Erasmus University, Rotterdam, told the Energy Committee plentiful oil supplies from an increasing number of producing countries, and depressed demand, should reverse the past trend of increasing fuel costs.

Future prices would be influenced by an extremely modest rise in oil demand—about 1 per cent to 2 per cent a year until the end of the century.

There was a remote chance—a 10 per cent to 15 per cent probability—there could be a total collapse in oil prices in the late 1980s, he said. There was an equally unlikely chance oil prices would rise in the manner expected by the UK Energy Department, at an annual rate of 3 per cent.

Prof Odell said that in view of the likely trend in oil prices, the Government should abandon its consideration of new depletion policies which would control the flow of North Sea oil. Depletion measures were a high-risk option. There was a likelihood the policy would defer production to a time when oil became less valuable.

In opposing depletion measures Prof. Odell found himself siding with the oil companies, who had given evidence to the committee earlier. This, in spite of the fact he gained the reputation of a maverick for his outspoken criticism of the way oil companies conduct exploration and production programmes.

Prof. Odell said that apart from the economic aspect, depletion measures inhibited exploration in the North Sea and other parts of the continental shelf. The oil industry had barely begun to evaluate UK oil reserves, which were likely to prove greater than present government estimates. "Introducing a depletion policy is a way of ensuring that UK reserves will not be discovered," he said.

Another attack on government depletion policies was made in the committee hearing by Prof. Colin Robinson, of Surrey University's economics department. He supported a policy which would allow the oil industry to regulate its own production rate.

Wider monopoly probes planned

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A WIDER role for the Monopolies and Mergers Commission in investigating the efficiency of nationalised industries was announced in the Commons last night by Mr Nicholas Ridley, Financial Secretary to the Treasury.

But it did not go far enough to satisfy the MPs who serve on the Public Accounts Committee. In a report earlier this year, the committee proposed that the Comptroller and Auditor General, who examines the Government's finances, should have access to the books of all bodies which receive money voted by parliament—in particular the nationalised industries.

But Mr Ridley made it clear that the Government does not favour such a course at this stage. Instead, it is extending the existing role of the Monopolies Commissio nin scrutinising the nationalised industries.

Mr Joel Barnett (Lab, Heywood and Royton), chairman of the PAC, said the Treasury's response to the committee's recommendations had been "appalling and shameful."

It was a wholly negative and utterly inadequate response to the committee's carefully argued case.

There was also strong criticism from Mr Edward du Cann (Con Taunton) chairman of the Commons Treasury and Civil Service committee, chairman of the 1922 Conservative back bench committee, and former chairman of the PAC.

He said that Mr Ridley's announcement in no way answered the criticism and proposals put forward in the PAC report.

Mr Ridley told the House that the number of references of nationalised industries to the Monopolies Commission would be increased to six a year. This would mean that each industry would have at least one major reference every four years.

The Commission's membership and staff will be strengthened to deal with the increased workload. So far four such studies have taken place since the beginning of 1980.

The Government will encourage the commission to identify priorities in its recommendations. The commission should also quantify its proposals and make specific recommendations for action to implement them.

This said Mr Ridley, would mean a more effective follow up. A statement of the industry's response to the reports would have to be made within three to four months of publication and would be followed by a further statement of progress after 12 months.

The Government also believed that greater use could be made of private sector management consultants in looking at the state sector.

Mr Ridley insisted that the Government did not have a closed mind on the subject. He stressed, however, that the evaluation of the public audit system had to be a continuous process.

Opening the debate on the PAC report Mr Barnett told Mr Ridley: "I very much regret the Treasury's failure to concede the essential central principle—the need for true parliamentary accountability in the spending of public money."

The PAC had also recommended that the Comptroller should become an officer of the Commons and the committee should be able to give him directions on what he should investigate.

Mr Barnett maintained that the Government's decision to rely on the Monopolies Commission inquiries meant that MPs could have no real access to the accounts of bodies which received large sums of money.

Mr Barnett argued that under the Government's proposals MPs would not be able to keep a check on ministerial accountability for the nationalised industries.

He pointed out that the Monopolies Commission was not concerned with monitoring ministerial involvement. It was only concerned with carrying out efficiency investigations at ministerial request.

Wherever public funds went, he argued, there should be access to the accounts.

"Whatever happens I am confident this report will eventually be the basis of long overdue reforms," said Mr Barnett.

Thatcher defends success of EEC summit

BY IVOR OWEN

STERLING's status as a petrocurrency was underlined by the Prime Minister in the Commons yesterday when she stressed the obstacles to Britain becoming a full member of the European Monetary System.

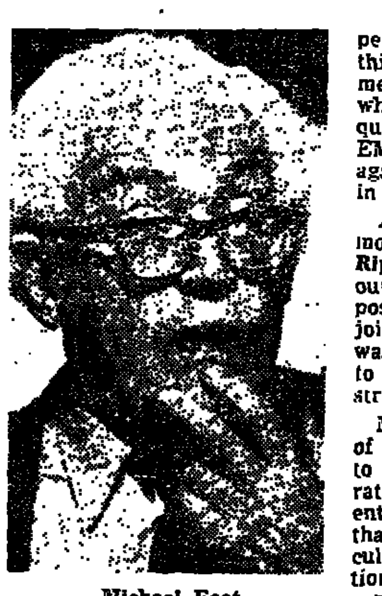
In a series of replies to questions about the outcome of last week's EEC summit in London she gave the clearest indication yet of her lack of enthusiasm for closer British involvement in the EMS.

Mrs Thatcher resisted attempts, led by Mr Michael Foot, the Opposition leader, to write off the proceedings in Lancaster House as a failure, but accepted that it was "disappointing" that it had not been possible to make more specific progress on major issues.

She reacted angrily to suggestions that the adverse impression which she created among EEC leaders at the Dublin summit two years ago, which was dominated by her demands for a reduction in Britain's contribution to the Community budget, was the main explanation for the meagre results obtained in London.

This charge was made by both Mr Foot and Mr David Steel, the Liberal leader.

Mr Foot said it was supported by a critical article by Mr Edward Heath, the former Conservative Prime Minister in The Times.



Michael Foot

Mr Heath was not in his customary seat during the exchanges but Mrs Thatcher seemed to have him in mind when she insisted that her tough talking on the budget issue had brought benefits for Britain which the Liberals and others could never have achieved.

They were "jolly jealous" she protested to cheers from Tory MPs and derisive laughter from the Opposition benches.

The Prime Minister highlighted sterling's status as a petrol currency "that is something quite different from other members of the Community" when confirming that the question of Britain joining the EMS was likely to be raised again at the next EEC summit in March.

Appealing to her to be a little more optimistic Mr Geoffrey Rippon (Con, Hexham) pointed out that it seemed to be the position that Britain could not join the EMS when the pound was too weak and did not want to join when the pound was too strong.

Mrs Thatcher replied that one of the things which would have to be decided was the exchange rate for sterling at the time of entry into the EMS—something that would be "extremely difficult" in view of recent fluctuations.

Mr Peter Tapsell (Con, Horncastle) won a more ready response when he urged the Prime Minister to treat the arguments of those favouring British membership of the EMS with considerable scepticism.

"Everything that we could and should achieve as a result of membership of the EMS could be better achieved by our own national efforts," he insisted.

Mr Tapsell maintained that nothing should be done to weaken Britain's already inadequate influence on the sterling exchange rate and the level of interest rates.

The Prime Minister quickly assured him: "I myself would need to be convinced that there was a positive advantage to this country in joining the EMS."

She acknowledged that advocates of British membership of the EMS argued that it would help to impose the disciplines needed to ensure the pursuit of sound financial policies.

But she agreed with Mr Tapsell's reasoning. "We have to run our own economies properly—there is no substitute for that."

Mrs Thatcher confirmed that new arrangements to overcome individual problems including the milk surplus and the share of the Community budget devoted to the Common Agricultural policy would be conditional on an overall solution which reflected the needs of all the members of the EEC.

She looked for changes which would bring EEC food prices into closer relationship with world prices so that much less money would be spent on disposing of the Community's agricultural surpluses.

Mr Foot contended that as so little progress had been made in dealing with these problems during Britain's presidency it would be unrealistic to build up any great hopes about the developments likely to take place next year.

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British Museum 'facing cash crisis'

By Elaine Williams

THE British Museum could close within two years if Government funding is not increased, Dr David Wilson, its director, claimed yesterday.

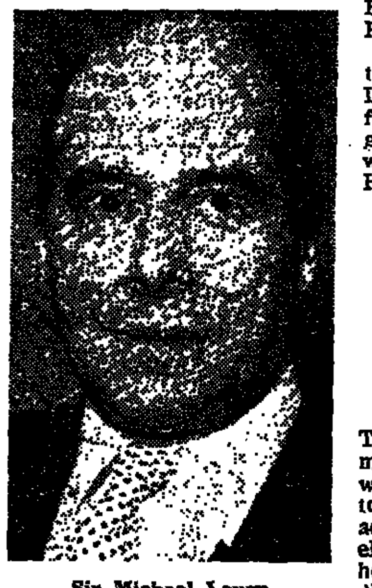
Dr Wilson was speaking at a select committee on Education, Science and the Arts which is investigating the effects of public expenditure cuts on museums and galleries.

Directors of other national galleries and museums, including the Tate, the National Gallery and the Victoria and Albert Museum, reinforced Dr Wilson's view that the static levels of public funding would lead to a serious crisis within the next two or three years.

Dr Wilson said it was impossible to make significant savings without cutting services provided to the public.

About 85 per cent of the museum's total costs are salaries, he said.

Dr Roy Strong, director of the Victoria and Albert Museum, said the V and A had already been affected by a major expenditure cut because it was part of the Department of Education and Science.



Sir Michael Levey

As a result, the museum was now closed one day a week because of staff cuts. Dr Strong said the prospect of no real increase in funding for the next three years would have a catastrophic effect.

Sir Michael Levey, director of the National Gallery, said museums and galleries were finding it difficult to acquire new works of art at a time when more collections were being offered for sale.

Few of the directors believed that seeking increased sources of private funding would solve the problem. Professor Alan Bowness, director of the Tate Gallery, said that up to 3 per cent of total funds could come from private sources.

Though several major exhibitions in the UK have received donations from industry and commerce, the museum directors felt that companies would be reluctant to fund staff costs which had little "glamour appeal."

● The Princess Gate collection assembled by the late Count Seilern will not be broken up, Mr Paul Channon, Arts Minister, told the Commons yesterday.

The collection was bequeathed to the Courtauld Institute of London University.

Mortimer joins fray for post as Labour general secretary

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

MR JIM MORTIMER, the former chairman of the Advisory, Conciliation and Arbitration Service, yesterday emerged as a strong outside candidate for the job of Labour's general secretary.

His name was one of seven on a short list drawn up by party officers for submission to a special meeting of the party's National Executive Committee next week. Provided he survives the first eliminating round, he could, with his proven record of conciliation, have a good chance of getting the job—possibly with the support of Mr Michael Foot, the Labour Leader.

Also on the short list were Mr Alex Ferry, the general secretary of the Confederation of Shipbuilding and Engineering Unions, and Mr Bob Wright, the assistant general secretary of the AEUW, together with four internal candidates—Dick Clements, the editor of Tribune; Mr David Hughes, the party's national agent; Ms Joy Gould, the chief women's officer; and Britain Davies, secretary of the Parliamentary Labour Party.

The job of general secretary is a key one within the Labour Party, and over the last few weeks there has been a great deal of speculation bauot who would succeed Mr Ron Hayward.

It was not known until yesterday that Mr Mortimer was interested in the job and his application threw all previous calculations to the wind. Yesterday left and right were reassessing their tactics.

Until Mr Mortimer entered the field, it looked as if it would be a run off between Mr Ferry on the right of Ms Gould on the left. The other possibility was that Mr Davies might have come through as a compromise candidate.

Mr Mortimer could pick up some votes from trade unionists who would otherwise have voted for Mr Ferry, and get the support of left-wingers like Mr Foot. He was appointed chairman of Acas by Mr Foot when he was Employment Secretary and before that was regarded as a left-winger.

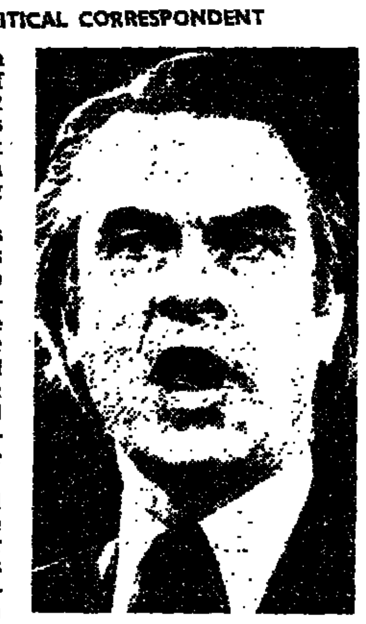
Mr Ferry, however, is likeley to get more votes in the first round.

The final decision will be taken on December 15 by the executive. Before then it may decide to add names to the short list. Some executive members have argued that the job should not be decided on Left-Right grounds, but on who would be the best equipped to strengthen the party's organisation in time for the next election. In the event, Mr Foot's choice could be decisive, as he holds the balance of power on the executive.

Minor victory for SDP on political broadcasts

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE SDP yesterday won a minor victory at the start of what is likely to be a long fight to get what it claims is adequate air time at the next election. In the longer term however it looks like being disappointed.



David Owen

Following angry protests from the SDP yesterday at its exclusion from a meeting to discuss party political broadcasts representatives of the established parties and the broadcasting authorities agreed to postpone a final decision on how to allocate party political broadcasts until another meeting had taken place with the SDP present.

At that meeting, the SDP will be able to put forward its case that the present system for allocating time, based on votes cast at the last election, is unfair, and that it should be given time of its own. But, the Labour and Conservative parties seem very unlikely to agree to any change which would benefit the Social Democrats.

Yesterday's decision to let the SDP put forward its case, came after Dr David Owen, the SDP leader in the Commons, had unsuccessfully tried to get an emergency debate in the Commons to protest at his party's exclusion from the talks.

He appealed to the public sense of "fair play" to stop what he described as a carve-up.

The Commons, he said, must now face up to the realities of the political situation. The SDP, he said, was now the third largest party there had been at Westminster since 1935.

Yesterday's meeting concerned only the allocation of time for next year's party political broadcasts, but behind Dr Owen's protest lies the SDP's longer-term worry that it may not get more than one broadcast at the next general election and will be forced into the role of the Liberals' poor relations by having to ask to share their broadcasting time.

Under the existing arrangements—as interpreted by both the two main parties and the broadcasting authorities—party political broadcasts between elections are allocated on the basis of votes cast at the last general election.

This means that until last Thursday's claim the SDP could claim none because none of their MPs had been elected as SDP candidates.

Dr Owen claimed yesterday that the election of Mrs Shirley Williams had changed that.

Moreover, he maintained, the situation was unique, and the old conventions were therefore no longer relevant.

Nissan factory announcement 'in new year'

Financial Times Reporter

NISSAN MOTOR COMPANY is expected to announce early in the New Year the location for its new factory, Mr Nicholas Edwards, Welsh Secretary, said yesterday.

Mr Edwards said talks between company representatives and Mr Patrick Jenkin, Industry Secretary, took place last week in an attempt to settle a site for the project, which could create hundreds of new jobs.

MPs representing Welsh constituencies affected by steel works closures have pressed for the factory to be sited in Wales.

Competition policy leads to higher profile for Monopolies and Mergers Commission

David Churchill on 'efficiency audits' of nationalised industries

THE "efficiency audits" of nationalised industries carried out by the Monopolies and Mergers Commission have proved to be one of the successes of this Government's competition policy. So much so, in fact, that the Government yesterday made clear it wanted the Commission to expand its role.

This move means that the commission, which for the past 30 years has deliberately maintained a low profile and has therefore been considered moribund by many people, is now emerging as a major investigative arm of Government policy.

The commission was originally designed to evaluate mergers and carry out long-term probes into monopolies. Since 1980, however, it has found itself with a new role in investigating nationalised industries.

Whether this new role will change the nature of the commission remains to be seen. But the increased workload of nationalised industry investigations will certainly extend its resources to the full.

The four public sector probes already carried out have taxed the part-time commissioners heavily, resulting in weekend working on a number of occasions. Three of the reports so far published have run to over 300 pages each, with two of these completed within a six month period.

In contrast, the commission's report on discounts to retailers, published earlier this year, ran to only just over 200 pages.

The impetus for the commission's new role came with the change of Government in 1979. The Conservative administration immediately published a Bill to abolish the Price Commission and create a new framework of procedures to improve competition in the private and public sectors.

Under the Government's proposals, the commission will be asked to tackle six investigations a year . . . no industry will be examined more than once every four years.

This Bill, which eventually became the 1980 Competition Act, gave the Office of Fair Trading the power to investigate any anti-competitive practice carried out by a single company, and then refer that practice to the commission for a further study to determine the public interest.

In the public sector, however, the Government decided to bypass the initial OFT preliminary investigation and refer investigations of the nationalised industries directly to the commission.

The Government's eagerness to probe the nationalised industries led it to start one investigation—into the inner London letter post—even before the Competition Act became law. The letter post inquiry, therefore, was made under the less suitable provisions of the 1973 Fair Trading Act.

Once the Competition Act was on the Statute Book, however, the Government wasted no time in referring to the commission British Rail's commuter services in London and the South-East.

That report, published in October last year, made 36 recommendations for improving British Rail's efficiency, and concluded that "to some extent British Rail could reduce their costs by improved efficiency without reducing the quality of the service which they provide."

This report was followed by two other investigations—into the Central Electricity Generating Board and the Severn Trent Water Authority.

The reports were the longest ever made by the commission and both made extremely detailed recommendations for improvements.

The commission has subsequently been asked to audit the efficiency of four provincial bus companies and will shortly be asked to investigate the National Coal Board (although this depends on a satisfactory outcome to the miners' pay negotiations).

Under the Government's new proposals, the commission will be asked to tackle six such investigations each year, following a programme laid down by the Government. No nationalised industry—or part of it—will be looked at more often once every four years.

The commission will also be asked to set priorities for action and to quantify its recommendations, and parliament will expect a response from the industry concerned within four months.

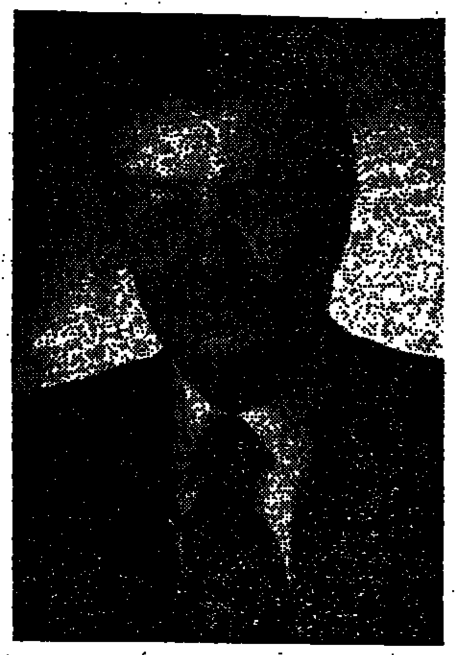
The Government's decision to involve the commission more in its drive to improve the nationalised industries—rather than, as the Public Accounts Committee suggested, to give more powers to the Comptroller and Auditor General—reflects its belief that the commission has so far done a good job in its public sector probes.

However, if the commission becomes too much a political instrument—as did the Price Commission—it could find itself fighting for continued survival if the political situation changes.

CREDIT COMMERCIAL DE FRANCE

LETTER to SHAREHOLDERS

from M. JEAN-MAXIME LEVEQUE, CHAIRMAN



As a rule, and particularly in the present circumstances, it is my duty to inform you of any events liable to affect your investment in our company.

Two recent developments lead me to write to you at this time. Firstly the payment of the advance on your 1981 dividend, which I had originally intended, has now been prohibited. Secondly, the three accounting firms hired at my request to prepare an independent valuation of your shares, have now submitted their report to me.

I feel it my duty to provide details on both matters, and shall at the same time bring you up to date on recent developments regarding proposed shareholder compensation, should CREDIT COMMERCIAL DE FRANCE be nationalised.

In my last letter, dated August 26, I stated that "should indications appear, during the forthcoming National Assembly debate on the Government's nationalisation proposals, that your Board of Directors and myself would no longer be in a position to report to you next April on our Group's 1981 results, I intended to submit a motion to the Board before the end of the current calendar year, that an advance payment on the year's dividend be made."

Under the terms of the Government's nationalisation bill, my term of office as Chairman will end on publication of the Act, as will those of your Board of Directors. Should publication occur prior to April 28, 1982, when our General Shareholders' Meeting is scheduled to examine the 1981 accounts, your Board and myself will be unable to ensure that you receive your 1981 dividend. Yet, based on the results of the first half of the year (consolidated earnings: FFr 77.9m), reserves brought forward from past years (FFr 58.8m), and our forecasts for second-half results, a dividend equal to that paid last year (adjusted for inflation) would be more than justified. Since the latter stood at FFr 11.50 per share (excluding the tax credit), or a total of FFr 76.9m, I consider that the 1981 dividend could be set at a minimum of FFr 13.20 per share (excluding the tax credit), for a total FFr 91.5m. In the light of these figures, I believed it appropriate to recommend that your Board of Directors pay at once a substantial advance on the 1981 dividend to shareholders.

The National Assembly has however now approved an amendment to the Government's original nationalisation bill which stipulates that any payments made or amounts declared in respect of 1981 dividends will be deducted from proposed compensation. Hence, I have been obliged to withdraw my proposal, because the advance payment which you would have received would have been subject to income tax for individual shareholders, and corporate tax in the case of other shareholders; given the amendment, it would have been deducted from compensation paid on your shares, which is exempt from such tax in so far as it represents capital and not income.

I cannot conceal my indignation at this procedure which represents a further aggravation of the lot which is set to befall the shareholders of our Group. Should the amendment be voted, and should the Government go through with its nationalisation plans, shareholders would be placed in the following position:

In 1981 you will have received, as usual, a dividend on the previous year's activity. In 1982, the first two 6-month coupons on Government bonds issued as compensation (bearing interest as of January 1, 1982) will become payable in July 1982 and January 1983. But you will never receive any dividend for the fiscal year 1981. On the other hand, however, your share of the profits relating to 1981 activities will accrue to the State, which will have replaced you as shareholder, despite the fact that these dividends correspond to a period when you were still the legal shareholders.

This situation is all the more shocking in that the method used to calculate compensation is based—as I shall explain below—on average market prices and yields prior to December 31, 1980, and on net asset values calculated at December 31, 1980.

As already noted in the Press, the reports prepared by three independent accounting firms attributed a value of FFr 325 to your shares at December 31, 1980.

This estimate is the result of three months of joint studies carried out by the three reputed accounting firms: Société Européenne de Contrôle Comptable et Financier of Paris; Société Fiduciaire Suisse of Geneva; and Treuhand-Vereinigung of Frankfurt. The firms were free to select those valuation methods which they deemed to be most appropriate.

In the event, all three opted for two evaluation criteria, identical in principle to those adopted in the final version of the Government's bill, when, at the instigation of the Conseil d'Etat, it decided to add two further considerations to the sole criterion originally selected: average stock price from 1978 to 1980. These two concepts are net asset value and yield. They are given the same weight in estimates prepared by both the accounting firms and Government authorities.

Nevertheless, a closer examination of the Government's bill and the independent accountants' report reveals that, by comparison with national and international accounting practices, the Government uses far more restricted definitions of both concepts, resulting in inequitable reductions in the terms of compensation offered to shareholders.

At this point in the parliamentary procedure, I feel that a clear explanation of the inequity of the proposed compensation is in order.

I shall begin with a review of some key figures:

The Government's bill sets compensation for C.C.F. shares at FFr 163.76 per share.

This means that when compensation bonds are issued, i.e. in March 1982 at the earliest, you will receive for each of your shares a note with a nominal value of FFr 163.76 compared with average market prices of FFr 178.5 in 1980, and FFr 207 during the opening months of 1981. Based on the average stock price in effect from January 1, 1981, through May 8, 1981 (the final trading day before the second round of the presidential elections on May 10), you will have lost 21 per cent in non-adjusted francs, and around 32 per cent in inflation-adjusted francs.

Furthermore, based on the independent experts' estimate of the real value of your shares at December 31, 1980, i.e. FFr 325, the Government's offer corresponds to only 50.4 per cent of this figure in non-adjusted francs, and 43 per cent in inflation-adjusted francs. This loss on capital is compounded by the non-payment of the dividend due January 1981, i.e. at least FFr 13.10 before the tax credit.

These figures refute the Government's professed aim of seeking a legally unassailable and financially equitable means of compensation. How has this situation come about? This is the issue I shall now examine, as clearly and succinctly as possible.

In its bill, the Government proposes to base its valuation of companies scheduled for nationalisation on three criteria, variously weighted: market prices (50 per cent), net asset value (25 per cent), and yield (25 per cent).

1—As regards market price to which has been attributed a heavy, most probably excessive weighting, the reference period selected is long and far from recent, running from January 1, 1978, through December 31, 1980.

Between this period—whose median lies at July 1, 1979—and the date set for delivery of compensation bonds, i.e. March 31, 1982, inflation is estimated at 42 per cent. An equitable solution would require that compensation be adjusted to reflect the impact of monetary erosion in the calculation of compensation.

Moreover, using such a long and distant period unjustly penalises shareholders in companies like your own, which have shown particularly strong performance and growth rates. These companies' stock prices can be expected to rise under normal conditions. For example, C.C.F.'s share price averaged FFr 121.90 in 1978, FFr 153.68 in 1979, FFr 178.52 in 1980, and FFr 207.12 in 1981 prior to the presidential elections. Using an average for this three-year period to calculate compensation due for a dynamic company whose stock price could be expected to show steady growth automatically penalises its shareholders heavily, while unjustly benefiting shareholders of companies in difficulty. This is why it is common practice to select much shorter, more recent periods when using market prices to calculate the value of a company.

2—As far as net asset value is concerned, the Government's bill assumes a figure completely different from that reached by the independent accounting specialists: FFr 206.34 vs. FFr 278.56.

This difference stems from two reasons:

(a) Firstly, the bill only takes into account the book value of the company's assets, as reflected in its balance sheet. This approach is incorrect for companies with holdings in subsidiaries, as is the case for large groups with decentralised operations, such as C.C.F. Indeed, in this case, the parent company's balance sheet reflects only the price of its subsidiaries' shares at the time the latter were purchased or created. In the meantime, which may represent a considerable period, these subsidiaries may have set aside part or all of their profits as reserves to finance their own growth. This boosts the subsidiaries' own assets; its impact however is limited to their balance sheets alone and is not reflected in that of the parent company since, by definition, the latter includes only the value of subsidiaries' shares at the time of their purchase or creation.

It is to avoid underestimating the value of parent companies' holdings in the case of large groups that accounting rules have been developed for the consolidation of balance sheets.

By omitting to take into account the consolidated balance sheets, those responsible for the nationalisation bill are turning their backs on modern accounting practices, thereby causing in some cases considerable prejudice to shareholders of the companies concerned. As an example, C.C.F.'s fully-owned Swiss subsidiary was valued at FFr 170m in C.C.F.'s balance sheet at December 31, 1980, although the book value of this subsidiary's assets was FFr 256m, as noted in the experts' report.

When all of C.C.F.'s consolidated subsidiaries are taken into account, the difference between the parent company's net assets and consolidated net assets amounts to FFr 34.60 per share.

(b) The Government bill also limits the value of assets used to calculate compensation to book value alone. The last revaluation of balance sheets authorised by the French taxation authorities dates back to 1976; thus, whereas assets are listed at their 1976 value, they are worth far more today.

To avoid underestimating the value of assets in business transactions, it is common practice to adjust the value of assets, in order to bring their book values into line with the real underlying economic values of the assets concerned.

Refusing to properly adjust asset values represents a further injustice towards the shareholders of the companies to be nationalised.

The revaluation of C.C.F. group's assets carried out by the three independent accounting firms increased their value by FFr 30.40 per share.

3—Yield: here again, the nationalisation bill sets the Group's valuation as based on the yield factor well below the value calculated by the independent experts: FFr 145.95 vs. FFr 371.51.

This difference stems from three reasons:

(a) Both the Government authorities and the independent experts calculated their valuation based on capitalised earnings by multiplying net profits shown over the three year period 1978-1979-1980 by a given coefficient. Yet the Government bill takes into account only the parent company's earnings, instead of using consolidated profits, as would be equitable, i.e. both parent company and subsidiary profits, after deducting dividends paid by the latter which are already included in the parent company's earnings. This was the method adopted by the independent accounting firms. In the case of CREDIT COMMERCIAL DE FRANCE, the difference is very substantial indeed, with parent company profits of FFr 78.9, 86.4 and 127.5m in 1978, 1979 and 1980 respectively, compared with consolidated earnings of respectively FFr 101.2, 128.5 and FFr 191.8m for the same years.

(b) The Government bill is based on average earnings over the 3-year period 1978-1979-1980, but fails to take into account monetary erosion over the same period. The independent report obviously restates 1978 and 1979 profits to take account of inflation.

(c) The nationalisation bill calls for net profits to be multiplied by 10, which sets yield on capital invested in shares at an abnormally high 10 per cent. Based on experience, the accountants opted for a multiple of 12.5, which corresponds to a more realistic yield of 8 per cent.

Not only is the Government's compensation offer grossly insufficient; the means of payment are also inequitable.

Payment is to be made in the form of 15-year redeemable bonds. With the first annual redemption not scheduled until January 1, 1983, the average life of these bonds will be 8 years.

It is true that these will be floating rate notes, tied to the yield on fixed rate notes for the 6-month period leading up to the payment of each coupon. Your capital, will however be redeemed in depreciated currency. Even if inflation is held to only 10% p.a. over the next 15 years, when based on the average 8-year life of the compensation notes, your capital would lose 49.3% in value.

At present the Government is claiming that you will be able to sell your bonds on the market once they are issued, if you so desire. It has however been careful not to provide any guarantee of a minimum price, an essential point if your compensation is not to become a forced loan, or, in other words, a tax in disguise.

To add to all of the prejudices noted here, it should be recalled, as I mentioned at the outset of this letter, that no dividend is to be paid on 1981 activities. It should also be noted that share values are to be based on data corresponding to periods prior to or at December 31, 1980, whereas compensation bonds will not be issued until March 1982, i.e. after a 17.5% depreciation in the value of the franc.

In conclusion, the list of damages with which you are threatened is unfortunately a very long one. This is why I shall continue, as long as I hold the office of Chairman of CREDIT COMMERCIAL DE FRANCE and am responsible to you for its operations, to do everything in my power to see that right and justice prevail.

Jean-Maxime Lévêque
Paris, November, 1981

CCF is listed on the following markets:
London
Brussels
Antwerp
Paris

FT COMMERCIAL LAW REPORTS

No ship's arrest in claim arising after salvage

TESABA

Queen's Bench Division (Admiralty Court): Mr Justice Sheen: November 25 1981

WHERE A salvor claims damages against a shipowner for a breach of obligations which arose out of a salvage agreement, but which did not occur until after termination of the salvage services, he must seek redress through arbitration and may not invoke the Admiralty jurisdiction of the High Court to arrest the salvaged ship.

Mr Justice Sheen so held when setting aside a writ *in rem* served on the defendant owners of the ship, Tesaba, by the plaintiff salvors, Vernicos Tsavliris Gigilinis, in respect of a claim for damages arising out of the alleged breach by the shipowners of a salvage agreement.

* * *

Section 1 (1) of the Administration of Justice Act 1956 provides: "The Admiralty jurisdiction of the High Court shall be . . . jurisdiction to hear and determine . . . (g) any claim for loss of or damage to goods carried in a ship; (h) any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship; (j) any claim in the nature of salvage. . ."

*

HIS LORDSHIP said that in November 1980 Tesaba was engaged in a voyage from West European ports to Mediterranean ports, laden with steel coils and general cargo. Shortly after discharging part of her cargo at Salonica she ran aground with the remainder of the cargo still on board. Her owners entered into a salvage agreement with the salvors on the standard Lloyd's form to salve the ship, her cargo, bunkers and stores, and to take them to a place of safety at Salonica. The salvors were successful in refloating Tesaba, and she came to anchor in Salonica roads.

On completion of their services the salvors demanded security from the shipowners under the terms of the agreement. The owners put up security, which was limited to their own liability under a salvage award, together with interest and costs. Tesaba then sailed away from Salonica for Istanbul without the cargo-owners having put up security to meet their liability for the salvage of the cargo.

The committee of Lloyd's appointed an arbitrator under the terms of the agreement to award an appropriate sum for salvage, and the arbitration was fixed for hearing on December 2 1981.

While the arbitration was pending the salvors took the view that the shipowners were in breach of two obligations imposed by the salvage agreement. Those obligations were (1) not to remove the salved cargo from Salonica without the salvor's written consent until security had been given to the Committee of Lloyd's, and (2) to use their best endeavours to ensure that the cargo-owner provided security before the cargo was released.

On October 7, 1981, the salvors issued out of the Admiralty Registrar a writ *in rem* against Tesaba. The endorsement on the writ was: "The plaintiffs' claim is for damages arising out of a breach by the defendants of the terms of a . . . salvage agreement." On October 12 the writ was served on the ship and she was arrested. It was urgently necessary for her to sail in order to comply with her commercial engagements, and on the present motion the owners sought an order to set aside the writ.

The grounds of the motion were that the claim endorsed on the writ did not fall within the provisions of section 1(1) and section 3(4) of the Administration of Justice Act 1956, and accordingly it was not a claim within the Admiralty jurisdiction of the High Court. Mr Howard, for the salvors, contended that their claim was within that jurisdiction by virtue of paragraphs (g), (h) and (j) of section 1(1) of the Act. Mr Macdonald, for the owners, submitted that the claim did not come within any of those paragraphs.

With regard to (j), the question was whether the salvors were making "any claim in the nature of salvage." They were not, for two main reasons. First, the claim endorsed on the writ was a claim for damages and not for a salvage award. Secondly, it was a claim for damages for a breach of one of the obligations of the salvage agreement which did not occur until after the termination of the salvage services.

The wording of (j) seemed to refer to a claim for a salvage award. If there was any doubt as to its meaning, it was permissible to turn to the Convention Relating to the Arrest of Sea-going Ships, signed at Brussels on May 10, 1952. The equivalent words of the Convention, to be found in article 1 paragraph 1, were "a claim arising out of salvage." The salvors' claim did not arise out of salvage. It arose out of the conduct of the shipowners after completion of the salvage services.

Turning next to (g), the question was whether the claim was "for loss of or damage to goods carried in a ship." Giving those words their ordinary and natural meaning, they did not describe the present claim. There was no mention in the endorsement of the writ of any loss of or damage to goods. The goods in question had not been damaged and had not been lost. The salvors had no more than a lien over the goods and their claim was for damage for loss of the opportunity to enforce that lien.

If the cargo-owners paid their share of the salvage award, the salvors would suffer no damage. At the date of the issue of the writ, no payment of salvage was due to the salvors from the cargo-owners and no damage had been suffered. In reality, the writ was issued, and Tesaba was arrested, in order to compel the ship owners to put up security for payment of an arbitrator's award. The process of the Admiralty Court was not available for that purpose.

The next question was whether the Admiralty Court had jurisdiction to hear and determine the claim under (h) in that the claim arose out of "any agreement relating to the carriage of goods" in Tesaba "or to the use or hire of Tesaba." The salvors' claim arose out of a breach by the shipowners of the terms of the salvage agreement.

If the ordinary businessman were to be asked: "Is that an agreement relating to the carriage of goods in Tesaba?" the answer would undoubtedly be "No." The same emphatic answer would be given to the question: "It that an agreement for the use or hire of Tesaba?"

The salvors' allegations arose out of the salvage agreement and should be referred to arbitration in the same way as the question of the salvors' remuneration would be.

For those reasons the Admiralty jurisdiction of the High Court could not be invoked by an action *in rem* against Tesaba in respect of the claim endorsed on the writ and the writ should be set aside.

For the salvors: Michael Howard (Horrocks and Co.).

For the shipowners: Charles Macdonald (Ingledew, Brown, Bennison and Garrett).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

RACEGOERS get another chance to evaluate the Gold Cup claims of Wayward Lad today, for Michael Dickenson has decided to saddle the country's outstanding chasing prospect in this afternoon's Peterborough Chase at Huntingdon.

Wayward Lad has only four to beat, but his task is not as simple as it might be since Fairy King and Snowtown Boy are in opposition.

Although the Harewood gelding should have few problems on the strength of his flawless display in Ascot's tote silver trophy chahse, a serious lapse of concentration at any of these sometimes deceptive fences could put an entirely different complexion on the race.

If no serious errors creep into his jumping Wayward Lad will probably notch his fourth consecutive success, mainly at the expense of Snowtown Boy. Josh Gifford, surprisingly without a runner in the big chase, almost invariably fields a fancied runner or two at Huntingdon, and his representatives here should never be dismissed.

The trainer of Aldaniti, who was born only a few miles from the track, can boost his already remarkable strike rate on the course through Cobbler's Castle in the opening division of the Paxton Novices Hurdle.

A late developer whose hurdling has room for improvement, Cobbler's Castle looked all set to justify heavy support in a 22-runner event at Wincanton last month, before lack of peak fitness found him out from the penultimate flight. Fourth there, some seven lengths behind London Haze, Cobbler's Castle can return to winning form.

In addition to Huntingdon there are meetings scheduled for both the north and south. At Wetherby Jonjo O'Neill makes his long-awaited return without conspicuous hopes of making an immediate return to the winners' enclosure; while at Newton Abbott, Shiny Future seems to stand out.

HUNTINGDON
1.00—Cobbler's Castle***
1.30—Toy Master
2.00—Master's Voice
2.30—Wayward Lad

NEWTON ABBOTT
12.45—Banknote
1.15—Godfrey Secundus
2.15—Shiny Future**

WETHERBY
1.30—Flasher
3.00—Basil's Choice*

TELEVISION

Chris Dunkley: Tonight's Choice

ITV is still dominating Tuesday nights. It Takes A Worried Man hasn't moved very far forward from Episode 1: the gags about Roath never working and his psychiatrist being a paranoiac homosexual are trotted out every week, but it's still a funnier than average sitcom. **Brideshead Revisited** reaches the second part of the book, "A Twitch Upon The Thread," which starts with two key sentences: "My theme is memory, that winged host that soared about me one grey morning of wartime. Those memories, which are my life—for we possess nothing certainly except the past—were always with me." As the serial progresses the cleverness of the decision to have Charles Ryder deliver unadulterated key passages in voice-over becomes ever clearer. Today the brief sunny scenes of South America are made to feel like years by the use of this technique alone. The affair between Charles and Julia begins with this episode.

An Arranged Marriage, also on ITV, is a 1½ hour documentary covering 20 years in the life of a Sikh family in Britain, beginning with the arrival of the father from a Punjabi village and ending with the arranged marriage of his English-born daughter. The story and the views expressed result from more than 250 interviews with Sikhs of all ages in England.

BBC 1

9.05 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Over the Moon. 2.00 You and Me. 2.14 For Schools, Colleges. 3.00 Snooker from the Guild Hall, Preston. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 The Drak Pack. 5.00 John Craven's Newsround. 5.10 Screen Test. 5.35 The Amazing Adventures of Morph.

5.40 News.
6.00 National (London and South East only).
6.25 Nationwide.
6.50 Barbara's World of Horses and Ponies.
7.15 Angels.
7.40 The Rockford Files, starring James Garner.
8.30 Yes Minister, starring Paul Eddington and Nigel Hawthorne.
9.00 News.
9.25 Play for Today: "Protest," by Viclav Havel, starring Nigel Hawthorne.
10.15 Snooker highlights.
10.45 Norman St John-Stevas in Conversation with Sir John Junor, editor of the Sunday Express.
11.18 News Headlines.
11.20 Snooker: further coverage of the UK Championship.

† Indicates programme in black and white

BBC 2

11.00 am Play School.
3.45 pm Antiques Roadshow.
4.25 Everybody's Doin' It.
4.45 In Search of . . . Athelstan.
5.35 The Five Faces of Doctor Who.
6.00 Grange Hill.
6.25 The Waltons.
7.10 News Summary.
7.15 A Question of Equality.
8.00 Top Gear.
8.30 Russell Harty with guests including Diana Dors.
9.00 The Last Song.
9.30 Your Life in Their Hands.
10.00 Arena.
10.50-11.40 Newsnight.

BBC2 variations—Wales only —2.50-3.45 pm Pontypridd v The Australians.

LONDON

9.35 am Schools Programmes. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus: Mavis Nicholson and Trevor Hyett are joined by Anthony Howard and Peregrine Worsthorne for "Review of the Month." 2.45 Rumpole of the Bailey. 3.45 Emmerdale Farm. 4.15 Lumber Jerks. 4.20 Get It Together. 4.45 Ace Reports 5.15 The Gaffer.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London: Denis Tuohy presents the topical magazine programme covering the issues that matter to the people in London and the South-East.
7.30 Give us a Clue: Michael Aspel and captains Una Stubbs and Lionel Blair.
8.00 Rising Damp.
8.30 It Takes A Worried Man.
9.00 Brideshead Revisited.
10.00 News.
10.30 An Arranged Marriage.
12.00 Barney Miller.
12.25 am Close: "Sit up and Listen with Lt Col Blashford-Snell.

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 7.00 Bygones. 12.00 The Jazz Series: The Ronnie Scott Quartet with Johnny Griffin and the Jimmy Feighan Quartet. 12.30 am The Church and the Dragon.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 5.15 Mork and Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 The Gaffer. 12.00 ATV News. 12.05 am Something Different.

BORDER

1.20 pm Border News. 5.15 Mork and Mindy. 6.00 Lookaround Tuesday. 7.00 The Gaffer. 12.00 News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 7.00 Survival. 10.28 Channel Late News. 12.00 A New Kind of Family. 12.50 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 7.00 Diff'rent Strokes. 12.00 The Jazz Series. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 The Gaffer. 12.00 George Hamilton IV.

HTV

12.30 pm Gardening Today. 1.20 HTV News. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 Report West. 6.30 Islands of the Severn (Steep Holm). 7.00 The Gaffer. 10.28 HTV News. 12.00 The Medicine Man.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 10.15-10.30 Y Byd A'i Bethau. 11.39-11.54 About Wales. 12.00-12.10 pm Y Llyslau Llon. 4.15-4.45 Camigam. 5.10-5.20 Foghorn Leghorn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Gorau Gwerin. 11.15 World In Action. 11.45-12.15 am Benson.

SCOTTISH

12.30 pm Gardening Today. 1.20 News and Road and Weather. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Marie Gordon Price in Concert. 12.00 Late Call. 12.05 am Going Out.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Survival. 7.00 The Gaffer.

TYNE TEES

9.25 am The Good Word. 9.30 North East News, 1.20 pm North East News and Lookaround. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Gaffer. 10.30 North East News. 12.00 If . . .

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 The Gaffer. 7.30 Country Style. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 Mark It. 10.32 Westward Late News. 12.00 A New Kind of Family. 12.30 am Faith For Life. 12.36 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Emmerdale Farm. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 The Gaffer.

RADIO

(S) *Stereophonic broadcast*
‡ Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2

5.02 am Sports Desk. 5.03 Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.03 pm John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 Don Durbridge with Much More Music (S). 8.00 Hubert Gregg says I Call It Style (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 Tom O'Connor at the Variety Club. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

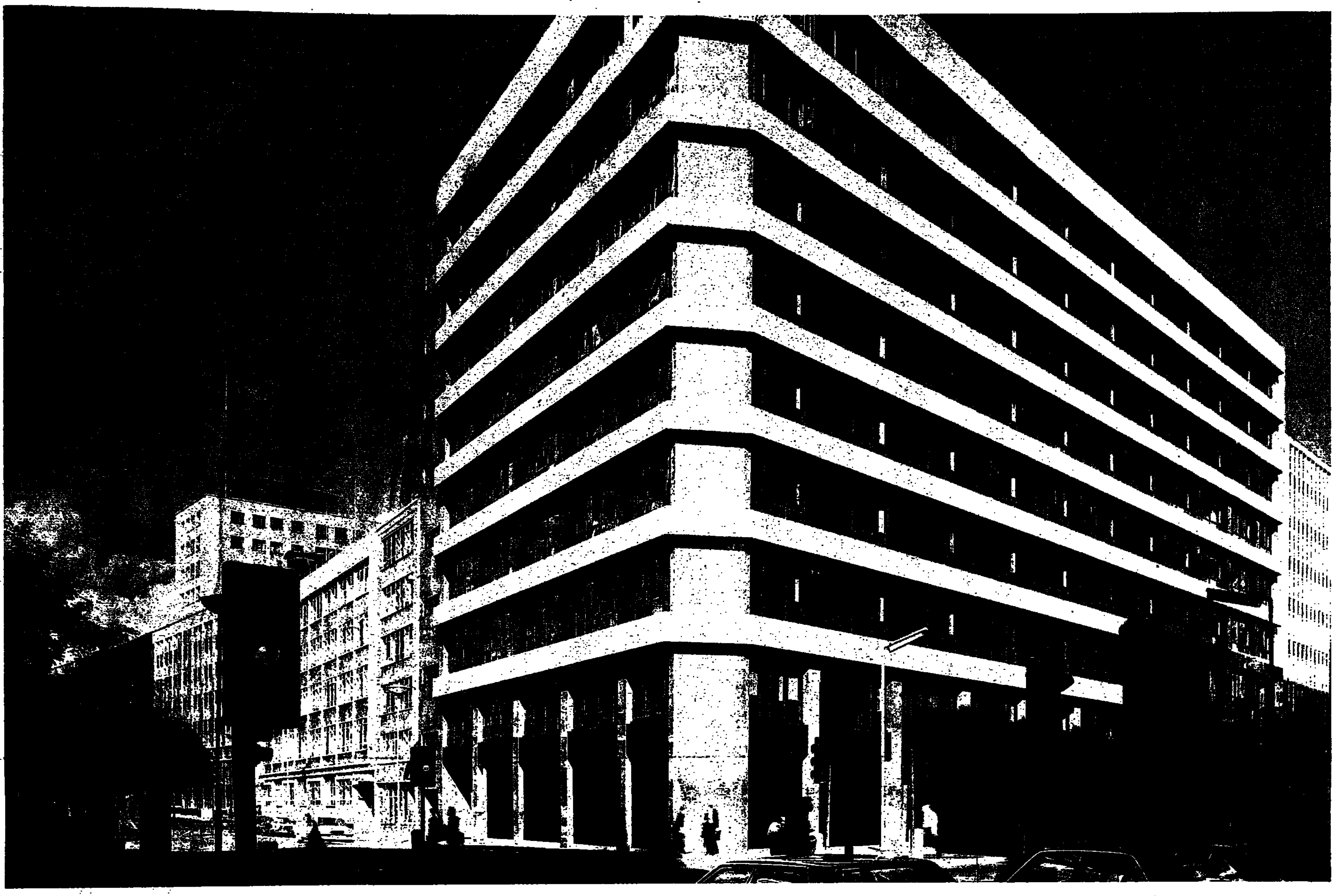
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Sibelius (S). 10.00 The Lied before Schubert (S). 10.45 Oboe and Cello recital (S). 11.15 Haydn, Debussy and Chopin piano recital (S). 12.05 pm Leeds Musical Festival Part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Festival Part 2 (S). 2.25 Bach Harpsichord Music (S). 3.00 Rubbra and Brahms (S). 3.55 Johannes Ockeghem (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Price of Victory. 8.00 Bartok, Mozart, Robin Holloway Concert, Part 1: Bartok, Mozart (S). 8.40 What Books I Please. 9.00 Concert Part 2: Robin Holloway, Mozart (S). 9.50 Edmund Campion. 10.05 Tokyo Quartet (S). 10.30 All Together Now (S). 11.00 News. 11.05-11.15 Mendelssohn (S).

Medium Wave with VHF except: 7.05-11.15 am Cricket: India v England.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather, programme news. 1.00 The World At One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Uncle Silas (S). 4.00 Kenneth Matthews Looks Back. 4.15 For Discharge of My Conscience. 4.45 Story Time. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Chelsea Pensioners. 8.35 Antony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope (S). 9.59 Weather. 10.00 The World Tonight. 10.30 Wrinkles. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Limited edition.



As with all things of value, new offices of this prominence in the city rarely come to the market.

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TECHNOLOGY

EDITED BY ALAN CANE

Miss a beat and a heart attack

BY MAX COMMANDER

EVERY 24 hours your one and only heart beats about 100,000 times, Occasionally, in the healthiest of people, it skips a beat.

That is nothing to worry about. Sometimes it misses a couple of beats — it could be stress, indigestion, or the excitement of a love affair.

When it misses five or six times in succession, start to worry; it could presage your impending doom.

Heart attacks, cardio-vascular disease is the primary medical problem of Western civilisation. Diet, smoking, too much fat content in the former, could all be reasons, but is it possible to detect the symptoms in advance.

Reynolds Medical, the Hertford based manufacturers of the "Pathfinder" electrocardiogram (ECG) with about 33 employees and a subsidiary in West Germany, believes that it has beaten some of the problems with its "Tracker," a lightweight ambulatory recorder, which, it claims is the best and most advanced in the world.

Reynolds makes no bones about it. "It's better than anything in the U.S. or, particularly, Japan, where one expects the latest developments in micro-circuitry," the company says.

It points to the fact that its unit—it's something clipped to your skirt waist or trouser belt, weighs only 300 grammes. The best the U.S. can offer is more than 500g and frequently in some models considerably more.

It runs on a 9v PP3 battery, and by using a switch-on-switch-off technique, can provide 24 hours recording with a standard C90 cassette or 32 hours with a C120.

One advantage claimed above other similar types of recorders is that the unit is completely silent running; the patient cannot hear the motor and therefore his sleep may not be disturbed.

Another advance is the use of a stop button and liquid crystal time display to help the patient and the cardiologist pinpoint irregularities.

The patient may, for example, wake up in the middle of the night with disturbances in the heart rhythm, palpitations, or what appears to be racing.

Ideally, he would note the time from the display in his diary, but failing that he merely presses a button on the unit and the cardiologist can later pinpoint the time from the cardiograph.

Reynolds says that standard ECG monitoring that involves lying on the cardiologist's couch cannot detect, with any reliability, abnormalities which may occur under stress.

Ambulatory monitoring, therefore, over a 24 hour period or more of normal day-to-day activity can provide a much better picture of the reasons for incipient heart disease.

As the company says, with previous models the irregularities which may signal trouble "was like looking for a needle in a haystack." With the "Tracker", problems in a 24 hour monitor can be isolated in 24 minutes.

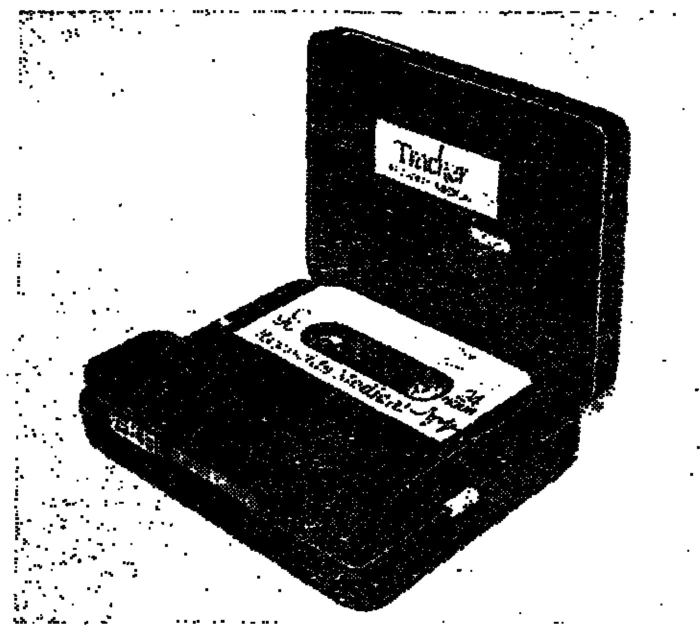
One of the proud boasts of Reynolds is that after more than four years of research and development and close contact with cardiologists it has been able to design a unit which is smaller, more efficient, lighter and for about £1,000, not just comparable but better than anything yet produced.

Reynolds, which already exports some 80 per cent of its output and won a Queen's Award for Exports last year, says it expects to export the "Tracker" in Japan and most of the western developed countries with the U.S. accounting for about half of the world growth in such detectors.

In the U.S. next year the market is expected to be worth about \$30m, growing to \$40m in 1986.

Reynolds Medical is at Cawthorne House, 51, St. Andrew Street, Hertford (0992 58211).

The "Tracker" makes its debut for the medical profession at the British Cardiac Society Exhibition at Wembley Conference Centre on December 7 and 8.



THE "TRACKER" lead connector can be locked into position by closure of the case and cannot be disconnected by a restless night or athletic activity.

Bestobell agreement

BESTOBELL METERFLOW of Baldock, Herts, has signed an agreement with Technitron Inc (UK) so that it can now supply a high pressure gas insertion meter using a vortex flow head.

Mr Michael Scott, general manager of Bestobell Meterflow said: "The new unit will prove invaluable in solving difficult gas flow problems, for example, when contaminated.

Small banking computers move downwards

THE BATTLE to computerise small and medium banks is moving—at least in hardware terms — downwards all the time.

Last week the Computer Management Group, a successful UK computer bureau, and the Star Computer Group, a small and comparatively new company specialising in "Electronic Office" systems announced a banking system based on a micro-computer.

The system has already been bought by The New Guarantee Trust of Jersey, a small merchant bank in the Channel Islands.

CMG and Star see the system as a challenge to the well - established banking systems installed by BIS, Hoskyns, Arbat and so on.

According to CMG its "Microbank" software "will automate virtually every operational area of the bank for a total system cost of less than £80,000."

According to Harry Ellis of CMG, a basic system-processor, printer and one visual display terminal can be had for about £30,000; £12,000 for the hardware, £20,000 for the software which at the moment amounts to accounting and general ledger and electronic office facilities. New modules are being developed. Mr Ellis says that trust accounting and share registration are already completed.

The "Electronic Office" software makes it possible for the computer system to know the details of the status of every person in the bank, including name, internal and external telephone extensions and position in the building. Messages can be sent between terminals and — if several branches have the system— between offices.

CMG's City office is 01-481 3881.

ALAN CANE

Krupp in Bremen sorts out the traffic signals

BY GEOFFREY CHARLISH

MOST OF us would welcome any development that would allow us to drive our cars down city streets without encountering a red light.

It is a logical nonsense of course. However, certain kinds of traffic might be granted such a delight. The police and emergency services could get to an incident more safely and buses, for example, might be able to run more nearly to time.

Methods already exist that will influence traffic lights so that, if the traffic flow is predominently in one direction across an intersection, the "green" will be prolonged accordingly. Induction loops under the road and even radio links have been used.

But according to Krupp Atlas-Elektronik of Bremen, these methods can be costly to instal. Instead, they have developed a system based on infrared signalling. The system, unique in West Germany, has been employed by Bremer Strassenbahn AG on two bus routes since the summer and more routes are now being added.

Equipment is employed in three places—on the bus, on poles mounted about 500 metres before the lights, and on the lights themselves.

The bus carries infra-red transmitter, receiver and associated electronics. The transmitter works continuously and its signals are picked up by the pole-mounted receiver. This triggers the pole-mounted transmitter to send back to the bus a specific infra-red message containing a description of the next traffic lights (the lights' number and their distance from the beacon pole).

Electronic circuits on the bus then add the bus route description to the message and the total data is sent by VHF radio to the next set of traffic lights on the route.

Armed with this information a microprocessor on the lights controller is able to ensure that "green" is on when the bus is about to pass. Afterwards, the bus emits a "passed" signal to keep the green phase as short as possible.

If for some reason the bus has signalled its approach in this way but does not pass the lights, a protective circuit restores them to a normal sequence.

Other variations are possible. For example, where conditions warrant it, the vehicle can address the next but one set of lights to ensure a clear passage. In addition, if the lights are controlled by a central computer, then the vehicle can send the data straight to the computer's location by the radio link.

In Bremen, Krupp has already delivered 320 systems for buses, 30 units for traffic lights and 70 beacons. And, because the buses move more freely, so does the whole of the traffic stream.

More from Fried Krupp GmbH, Stabsabteilung Information, Postfach 102252, D-4300, Essem.

THESE buses in Bremen can be assured of a clear passage through intersection traffic lights using a system installed by Krupp Atlas-Elektronik. The pole mounted unit at the right communicates with the bus, the latter sending data about its route and location to the traffic light controller.

Free-flow for brewery spirits

FABDEC, A company in Ellesmere, Shropshire, has updated its microprocessor stock control system which is designed for the brewery and spirits trade and can now record free flowing beverages as well as metered spirits.

The LCS 80 system links spirit optics and beer dispensers with a data bank. The stored information is then immediately available to publicans or, brewery stock checkers.

The model has a capacity to deal with 64 dispensers but more consoles can be added as required. A recorder is also incorporated which checks on bottles changed at each optic, and a monitoring switch guards against tampering.

The data bank can be programmed with the unit price of each beverage served through individually identified dispensers and can compute period or grand total takings in each bar or several serving areas.

Data can be obtained from the memory via a direct Post Office telephone link to a brewery or hotel group computer terminal, or through a portable, hand-held, or brief-case housed read out unit.

Price depends on the complexity of the installation, but the company says it starts at £3,000 per site and usually can be installed in 24 hours without disruption to trade.

More from 069171 2811.

MAX COMMANDER

Worcester controls actuator package

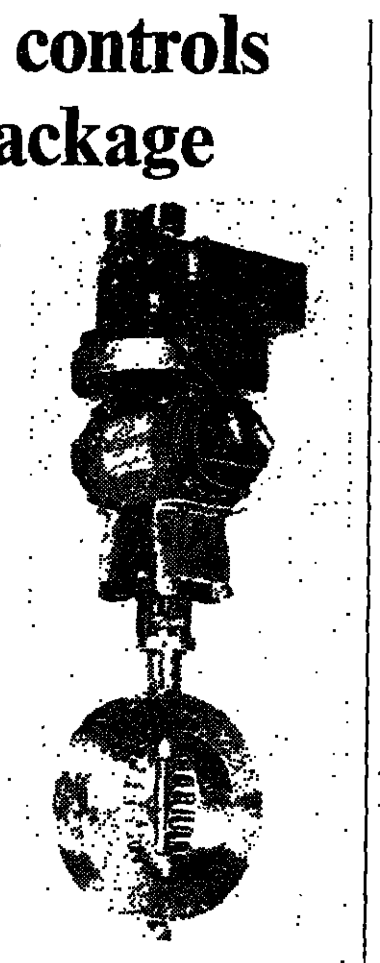
DUE FOR introduction to the UK early next year is a controls package consisting of either pneumatic or electric actuator, a range of positioners and a new type of rotary control.

The package will be offered by Worcester Controls, Burrell Road, Haywards Heath, Sussex (0444 414133). The rotary control valve is to be known as the "Gyrovane." The company claims that low dynamic torque was one of the most important considerations in the design.

It makes use of an offset contoured vane with cast on teeth. Media flow is separated into streams causing energy dissipation and, thus, a reduction of cavitation and noise. A reduction of up to 15 decibels is suggested compared with conventional control valves operating under similar conditions.

Other claims made for the package are that its angled metal seat design provides a range of 100—1 over the 70° operation compared with the maximum 50—1 in traditional ball valves; and that price, compared with a typical butterfly control package could be up to 30 per cent lower.

● A range of actuators, designated the 55 Series, and developed for small valve operations have been introduced by Hytork Actuators, 11 York Road, Gloucester (0452 418291). The 55/25 double acting unit has a maximum torque output of 270 lbf ins, weighs 1.7 kg and has a stroke speed of ½ second. The spring return unit has a maximum torque output of 167 lbf ins and weighs 2.3 kg.



THE NEW Worcester controls package comprising the new "Gyrovane" rotary control valve with its contoured and toothed vane design

Overcoming sign language

SIGN LANGUAGE between people wearing hearing protectors is potentially dangerous where maintenance work is in progress in high noise areas.

The Communicator from Seawell Automatic Controls, The Old School, 7 St James Street, Ludgershall, Andover, Hants (0264 790911), is in production after the Institute of Sound and Vibration Research at Southampton University produced attenuation curves as shown in the diagram.

Basically, the ear protector includes an outside microphone and internal electronics. When spoken to the wearer of the headset finds that background noise fades automatically as speech is relayed.

High voltage

THIS is one of the new range of switch mode high-voltage power supplies from Hartley Measurement (Hartley Wintney 3535). The models, designated 423-1200, are 120 watt with output voltage ranges from one to 30kV. The units offer output regulation from 0.5 per cent to 10-100 per cent. Prices start at £350.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Questions emerge as loan scheme tops £50m

John Elliott assesses the Government's new finance measure

SIX MONTHS after it was launched, the Government's experimental guarantee scheme for small business bank loans has reached a significant stage in its development. It has just outstripped the £50m limit originally fixed by the Treasury for the first full year, and looks set to use up all the £150m agreed for the first three years by this time next winter.

The first business failures are also now beginning to emerge. Although no details are known, two small businesses which have received guaranteed loans are believed to have closed down, while a few more are thought to be having problems meeting their financial commitments.

The way that different banks are using the scheme varies widely and no-one yet knows how much of the lending is genuinely additional to what would in any case have been provided in some form or other.

The banks are, however, having to admit that the wide-ranging use of the scheme shows there must have been a gap in their services—both as far as the smallest loans and financial packages are concerned.

The views of small businessmen themselves vary. Those who have been given loans are pleased; but many of those who have been turned down grumble loudly. There are also complaints about the total cost of the loans, and some small business lobbyists believe the Government should subsidise the scheme. They also say the ceiling for loans should be raised from £75,000 to £150,000 or £250,000.

About £52m has now been committed by the banks and approved by the Department of Industry since the scheme was launched in June. The loans range up to £75,000 for up to seven years. The Government guarantees 80 per cent of the loan, for which it charges a 3 per cent premium, to cover the cost of failures.

Barclays Bank has lent the most so far (£14m to 350 businesses) followed by Lloyds (£10m to 300 businesses), National Westminster (£8.6m to 255 businesses), the Industrial and Commercial Finance Corporation (£7.5m to 184) and the Midland (£6.8m to 215).

These banks stress that the money going out through the scheme is small compared with their overall activities. Barclays, for example, says that its new lending to small businesses with turnovers under £1m has totalled about £380m in the past six months. National Westminster has committed just over £182m in the same period under its own specialised business development loan arrangements to small and medium sized companies.

Lower down the scale among the 17 member banks that were announced by the end of the summer, Williams and Glyn's has lent £1.5m to 41 businesses, the Yorkshire Bank has provided £1m for 53 businesses, and the Co-operative Bank has lent £900,000 to 26.

The average size of all the loans is £35,000, with most banks reporting their own averages, in the £30,000-£34,000 range (Lloyds, Midland, National Westminster and Co-op) or £38,000-£40,000 (Williams and Glyn's, Barclays and ICFC). The exception is the Yorkshire which has an average of only £20,400, probably reflecting its established business among very small firms in the northern half of the country.

More than half the loans are going to new businesses.

On average, there is a 55-45 split in the total £52m between manufacturing industry and other businesses. A breakdown of the £41m national total for the end of October, for example, shows £23m going to manufacturing businesses, £5m to retailing, £12.5m to other services, and only £300,000 to construction.

The Midland Bank says that 56 per cent of the businesses it has backed employ five people or less, while 35 per cent have six to 20 people. Barclays estimates that 1,750 jobs have been created by new businesses receiving the loans (averaging therefore eight people each).

The banks generally say that it is these very small businesses that might have found it difficult to raise finance before, without providing heavy collateral, because of lack of a track record or management experience. A fifth (£1.3m) of the Midland's £6.8m has gone to this very small area of £5,000 to £10,000 loans with a similar proportion in the top £50,000 to £75,000 range.

In contrast ICFC has done only 2 per cent (£153,000) of its business up to £10,000 whereas 54 per cent (over £4m) is in the £50,000 to £75,000 range. Generally both ICFC and Barclays have been handling bigger sized loans than the other banks. Often they have used them as part of packages of finance that might also include other forms of loans or overdrafts, equity, and other special funding. Such packages range up to £250,000 or more and often involve the bank using the loan to reduce the size of the equity stake it takes from the client.

This use of the scheme to substitute one form of financing for another goes to the heart of the question of what is called "additionality." The banks freely gossip about how they believe their competitors are bending the rules set by the Department of Industry. These rules state that the banks must satisfy themselves (and sign a declaration) that the loan money would not have been made without the guarantee. In particular, they must not use the scheme to replace or refinance existing lending.

Interpreted literally, this would mean that the scheme should only be used as a last resort when all other forms of funding have been exhausted, or when the businessman does not have sufficient collateral and personal guarantees to satisfy the banks.

Four main ways of using the scheme seem to be emerging. First the loans are sometimes being used in place of equity. This increases the satisfaction of the businessman who does not like parting with equity, and may indeed stop him abandoning the idea of raising the money. From the point of view of organisations like ICFC, it also increases the risk because of the higher gearing involved in the loan. High risk lending, it can be argued, is a form of additionality.

Second, the scheme is being used to enlarge the size of financial packages, so possibly giving a business more chance of rapid expansion or product development. In some cases, a bank may not have been prepared to provide any money at all if it felt that its usual funding methods could only be stretched to, say, £150,000. This might have been regarded as inadequate for viability but an extra £50,000 or £75,000 loan guarantee in such a case might tip the balance.

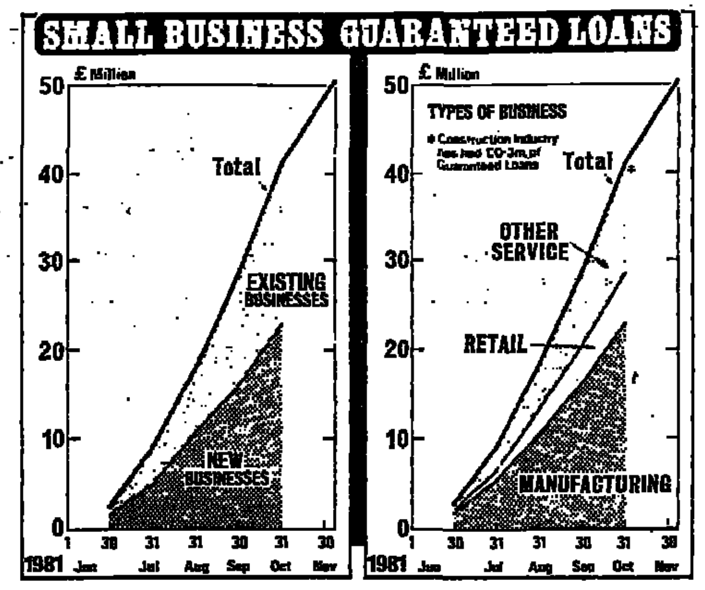
Thirdly banks are relaxing their rules about commercial viability, managerial experience, and the potential of a product. Whether they are accepting undue risks, may not emerge for a year or two.

Fourthly, small businessmen are walking into banks and demanding guarantee loans, refusing to provide the personal guarantees required for other forms of financing. Indeed, there is more evidence of businessmen shopping around the banks to find a manager who will give them the guaranteed loan they want rather than shopping around to find the bank offering the lowest interest rates on these loans—which generally vary from 1½ to 3 per cent above base rate, *in addition to the Government charge*.

Not surprisingly, the banks vary in how far they are prepared to discuss the genuine additionality of their lending. Two experts estimated privately to me that as much as 50 per cent might have been done without the scheme. Other guesses of 10 to 20 per cent are not uncommon.

So it is fairly clear that the Government's 80 per cent guarantee is being used for businesses which might well have raised the money anyway. Some banks even say that they would hardly be able to make any loans if they were too strict. On the other hand, the banks make less money on the guarantee loans than on their usual lending and the Government is hoping that this commercial incentive will keep the banks in line.

But whatever the truth about additionality—and there will be many arguments about it in the coming months—the scheme has helped to push banks into improving their small business lending. It has undoubtedly meant that several hundred people now have a greater chance to build their own businesses with bank money.



In brief . . .

THE Institute of Directors is teaming up with the Department of Industry's Small Firms Division to introduce both long-term advisers and non-executive directors to small businesses.

Under the new scheme the DoI's Regional Counselling Advisors will introduce people nominated by the IoD (mostly members) who have experience in industry or commerce and who can spare between one and four days a month to help.

According to Kenneth Lindon-Travers, who is masterminding the IoD initiative, the idea grew out of the Institute's existing Non-Executive Director Appointments Service. Through this names of suitable candidates are kept on a register and passed on to companies for a fee.

"I have found a tremendous reservoir of talented people who are particularly keen to help small firms," says Lindon-Travers. "There are just over 200 on my list at the moment, ranging from their mid-40s to late-60s. Details of their experience and specific skills will be kept by the Department's regional counsellors who will use them where appropriate."

The Economist Intelligence Unit (EIU) is setting up a special small business unit. Graham Bannock, the EIU's managing director and author of several reports on small business, says one of its first jobs will be to try and produce a few decent statistics—the lack of any at the moment is a gap which everyone with an interest in small firms would like to see filled.

Bannock reckons the unit will cost about £100,000 a year to run and is looking for more outside support to help with the finance.

A JOINT public and private sector initiative to help new businesses in the Melton Mowbray area has been launched by Leicestershire County Council, Melton Borough Council and Pedigree Petfoods, a major local employer.

Under MIDAS (Melton Industrial Development Aid Scheme), local businesses can seek a range of assistance. They can also enter an award scheme, the winners of which will receive a cash contribution, special loan facilities and other assistance such as consultancy and premises. (Midas tel: Melton Mowbray 60006).

TIM DICKSON reports on the way the scheme has helped three new ventures

Slice of life

ALUN BURKE has succeeded where other entrepreneurs of his ilk almost invariably fail. Burke, until two years ago the sales and marketing manager of a medium-sized company, has just managed to attract a significant chunk of new capital to his business without losing more than a small slice of the equity.

Burke's company is called Rodyne and over the past 18 months it has designed a new process for making non-corrosive quarter turn pneumatic actuators—sophisticated components which automate and control pipelines for the brewery, chemical and oil industries.

Finance for this cash-hungry project had, until recently, come from Rodyne's Lloyds Bank overdraft but a couple of months ago the time came to look for longer term facilities. An inconclusive approach to the National Research Development Corporation was followed by talks with Oakwood Finance, the National Enterprise Board's small business loans subsidiary and Technical Development Capital (TDC), ICFC's high technology subsidiary. "Whichever package I chose," says Burke, "I would ultimately have had to part with 50 per cent of the shares."

As decision time loomed, the Loan Guarantee Scheme appeared and all of a sudden Lloyds Bank came forward with a £75,000 medium loan (the maximum guaranteed by the Government). TDC also made an offer under the scheme but Burke chose Lloyds "because I didn't want to part with equity."

Well served

WITHOUT the Government's Loan Guarantee Scheme, chef Nick Tulip would not be serving steak au poivre and king prawns in garlic at Carruthers, the upmarket French restaurant he runs in St Andrews Street, Newcastle upon Tyne.

A few months ago Tulip and his partner, Mario Piras, sank £10,000 of their own and their families' money into the new venture, hoping to attract a further £30,000 in the form of loans from a major brewery and the local bank plus a grant from Newcastle City Council.

His luck, however, promptly turned sour when the brewery pulled out, and the City Council offered only £5,000 (£10,000 had been expected) and the local bank manager had second thoughts. "They all seemed to lose interest at the same time," recalls Tulip, whose money rather than his food was being rapidly swallowed up by start-up costs.

Just in time the loan guarantee scheme was introduced and Tulip, with the help of his accountant, quickly approached the Industrial and Commercial Finance Corporation. ICFC ran its slide-rule round the sums, came up with the required £27,500 (it also took a 10 per cent equity stake while Tulip and his colleague pledged two company cars as collateral for the 20 per cent not covered by the Government's guarantee). A few weeks later Carruthers opened its doors for the first time.

In the frame

ABOUT 30 miles North East of Manchester on the picturesque fringe of the Yorkshire dales, Bill Boardman and his 15 employees are busy turning out Brazilian Mahogany windows. In May this year Boardman (who owns 75 per cent of the company) and Richard Varmen, a local accountant, took over the Earby-based Brigg Windows from the receiver, injected some of their own money into the business and then negotiated a £75,000 medium term loan from National Westminster Bank under the Government's Loan Guarantee Scheeme.

Under its previous ownership, the company—in which Boardman was also a shareholder and the major creditor—had already developed the windows and established a market for the product. Although it began trading profitably it ran out of capital and Boardman, who owns the patents for the windows, decided to put it into liquidation.

Boardman says the Loan Guarantee Scheme, has enabled him to retain most of the equity—an outside shareholder at one stage looked probable—and avoid the need to offer personal guarantees. Without the scheme he thinks he might "possibly" have got the money anyway.

Boardman, who used to be the production manager of a large company, feels the Loan Guarantee Scheme could work better if the money came in tranches (not all in one gulp, as is the case at the moment) and was applied to overdraft facilities as well.

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THE ARTS

Whitechapel

British sculpture continued

by WILLIAM PACKER

For two months and more the Whitechapel Gallery has been full almost beyond capacity with British sculpture, and indeed it is to continue in that happy, if awkward, state a while yet. For Part II, "Symbol and Imagination: 1951-80," of its extraordinarily adventurous survey of the work our sculptors have accomplished these past 80 years or so has just opened, to run daily, Saturdays and Christmas and New Year holidays excepted, until January 24.

Part I, "Image and Form: 1901-50," was in itself a remarkable and memorable curatorial coup, dispelling prejudice, springing surprise after surprise, starting hares, opening up the subject afresh to all kinds of critical speculation and reassessment. But that was never thought by its authors, Nicholas Serota of the Whitechapel, and Sandy Nairne of the ICA, to be a single and distinct exercise, their principle regret was that it was never possible to show the work of the entire period together. In mid-September I wrote briefly about Part I, reserving my own position yet with enough enthusiasm to encourage you, dear Reader, to make sure to see it. I am very glad I did, and I do hope you did; for "British Sculpture in the 20th Century" proves in the event to be rather more than the sum of its constituent parts and to miss half the story is to miss it all.

The most serious, the most important contribution this now complete exhibition makes to our understanding of its subject derives quite simply and directly from its first challenging and then dispelling certain related myths and received wisdoms which have befogged it for too long. While we might naturally wonder somewhat that this should be so, and that a show of such scope should be so long in coming, and left at that to the initiative not of one of our greater institutions but to the modest and constricted Whitechapel, a little reflection suggests that all has fallen out for the best. For a little material overcrowding is a small price to pay for the independent judgment and critical imagination, for all that they might be indulged arbitrarily or even downright quirkily, and the sheer sense of adventure, that a more cautious wide authority might so easily inhibit.

British Sculpture, we had understood, has had a hard time of it: Epstein a solitary and much-abused genius; Gill a marginal eccentric; Gaudier snuffed out; Moore and Hepworth battling through valiantly against all the odds; a little else but for the mannered expressionism of the fifties; and then into the light with the Brave New Sculpture of the sixties, a new generation and a new start, and our chief claim to contemporary honours.

Well: there is perhaps something in most of it still, but only a little, and nothing so simple: and after Whitechapel it can never be so simple again. The plot has thickened, and become at once more interesting and more likely. The threads of the story, may be seen to run through from first to last, more ramified a story certainly, but also more of a piece than we had ever suspected. For the simple truth is that there are no sports, no freaks, no isolated and unapproachable wondermen, suffering for their art in utter obscurity. Of course the British do not like Art very much, let alone sculpture, and the hardships have at times been real enough, and relative obscurity endured. But it is only relative.

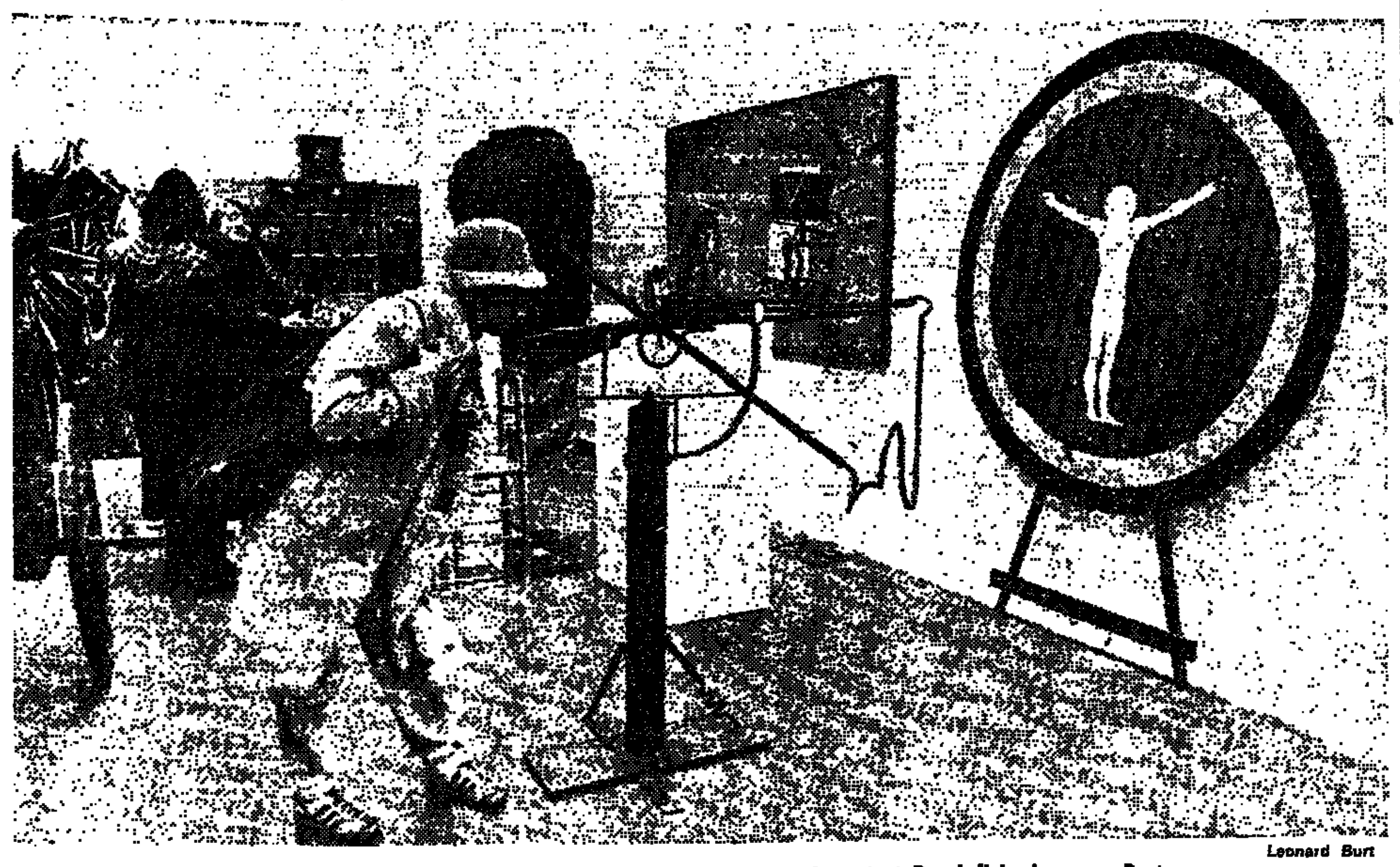
The Whitechapel shows demonstrate throughout that our best artists have always worked within an established context, testing and stretching it and then perhaps moving on, or leaving others to explore further. Henry Moore, for example, is obviously an artist of the first importance, and yet Part I showed clearly that he could hardly have moved so fast and far had not Gaudier, Gill and Epstein severally taken up the opportunities afforded to Modernism by the Primitive and the Archaic before him. In his turn he made available the opportunities of Surrealism and a Romantic Expressionism to those following, and with Barbara Hepworth those of abstraction. The personal achievements and reputations of all these artists are well attested and far from losing, are positively enhanced by this salutary exercise in reincorporation.

So it continues: the two Parts swing on the work of the forties and fifties, work anyway long overdue for dusting down and reassessment: and again we find not stops and starts, clean breaks and new dawns, but continuing related activity, conscious cross-reference maybe, or intuitive susceptibility, forwards and back. The two major figures of this middle transitional period are Eduardo Paolozzi and Anthony Caro, and they make the point for us: Paolozzi prominent, sometimes pre-eminent, at each point in the chronology, supplying to each sub-grouping in the arrangement of the show an archetypical image, yet one which is never less than characteristically, coherently his own: Caro encompassing the great apparent stretch between the modelled figure and the welded abstraction with astonishing rapidity and ease, and as much apparent logic—for in the bronze "Man Taking Off His Shirt" of 1956 it is not at all too far-fetched to see the simple planes and intervals of his so much less solid constructions of a decade later.

Into the sixties, and to the New Generation, disciples of Caro and the school of St Martin, and *plus ca change*, the story stays much the same, the arguments of principle and practice that exercised us so much at the time quite fallen away. New materials and new techniques affected appearances drastically, of course; but no one can now say of Phillip King, for example, who in his turn has so dominated this later period, that he stands anywhere but in the main tradition of British sculpture. His return in recent years to more allusive, malleable and often natural materials would in any case confirm as much.

And further down that same line whom do we find but such artists as Barry Flanagan and Richard Long, who stood out so self-consciously against the St Martin's influences, Caro and King and all, all those years ago; and after them, Stephen Cox, Antony Gormely, Nicholas Pope, David Nash, Paul Neagu, Ken Turnell, as various in their means and preoccupations as they are oddly sympathetic in their sensibilities.

What can one say about British Sculpture in our time but that artists so manifestly different in their immediate intentions and principles should still seem to hold in common a sense of the poetic charge that can inform the curious manipulation and disposition of matter.



Leonard Burt

"Weapon for the Self-Destruction of All Un important, Important People," by Laurence Burt

Theatre Royal, Bristol

Arturo Ui

by B. A. YOUNG

Brecht made a good joke when he showed the rise of Adolf Hitler, alias Arturo Ui, as the equivalent of the exploits of Al Capone in Chicago. No one could accuse him of subtlety, but all he was after was the equivalent of a newspaper cartoon. The trouble nowadays is that Capone is no longer a familiar figure, and events like the St Valentine's Day Massacre, if they are remembered at all, are remembered only through the medium of the cinema. More serious, the same fate is approaching Hitler. For most people under 30, he has receded into pictorial history along with Napoleon and Cromwell and Henry VIII.

This makes the satirical content of *Arturo Ui* hard to bring out, and the play is in danger of resolving itself into an account of gangsters advancing the claims of the Cauliflower Trust at the point of a tommy gun, rather than an account of an unscrupulous politician shooting and cheating his way to power. In his production at Bristol, John David, has realised this, and has the play performed straighter than usual. Here he runs into another snag, that the characters are only roughly drawn, two-dimensional caricatures and no more. (Brecht wrote the play, in verse, in less than three weeks.)

Ui himself has been demonstrated as a figure of great comic potential, but Bill Wallis takes little advantage of it. Indeed, in the best comic scene in the play, where Ui is coached by a Shakespearean actor in public speaking, he misses a salient point, where Ui, trying to cope with the instructions on what to do with his hands, stumbles on the Nazi salute. Mr Wallis's Ui suggests Howard Barker rather than Brecht. Ian Hogg, Tom Georgeson and Nicholas Woodeson, as Roma, Giri and Givola (that is to say as Roehm, Goering and Goebels) offer no more than production-line Chicago gangsters in the folk-image of Hollywood. It is left to Peter Copley to introduce real depth, in his moving performance as Dogsborough (or Hindenburg), in whom you can see genuine dignity fighting a losing battle with the consciousness of wrong-doing.

Festival Hall

Romeo et Juliette

by DOMINIC GILL

Berlioz's "Dramatic Symphony after Shakespeare's Tragedy"—neither symphony nor oratorio nor opera, but an extraordinary hybrid of all three genres — must be counted among his greatest masterpieces. Yet partly because of the very large vocal and instrumental forces required, and perhaps also because of this very ambiguity of definition, *Roméo et Juliette* has never been a fashionable work, and has always received fewer performances in the concert hall than it deserves.

All the more praise then to Riccardo Muti and the Philharmonia with the London Choral Society for presenting such a spirited account of the symphony on Sunday night. The quick bravura excitement of the orchestral showpieces was nicely sustained—but more important, so too was the line of the slow-swelling Berlioz paragraph, the sinuous curl of phrase. There were many fine things in the performance, notably in the second part, symphonic heart of the score: the wry Larghetto especially, restrained and bitter sweet; and the great adagio Love Scene, in which Romeo's theme, with its extraordinary prefigurations both of Wagner's *Tristan* and of Chaikovsky's Fantasy - Overture, finally emerges full blown.

Spirited: but just short of inspiring. It was a lively and graceful performance, but never one which truly caught alight. Julia Hamari, the solo alto, did fair justice to her soaring "Premiers transports," the first and vital solo *verse* of the symphony. But ideally perhaps a Gallic voice of clearer, reedier timbre might have set the tone more eloquently, and have relished the language more keenly (French enunciation was not Miss Hamari's strongest suit). John Paul Bogart sang Friar Lawrence's lament accurately and strongly, but with oddly dispassionate reserve: there is more anger and anguish, and more impassioned emphasis, in Berlioz's denouement than he allows. Martyn Hill, substituting for Robert Tear, most nearly caught the right deceptive brightness and sweetness of timbre in his Mab scherzetto.

Purcell Room

Suoraan

by ANDREW CLEMENTS

Suoraan is unusual among contemporary-music groups in that a large proportion of its repertoire is self-generated. It programmes Cage and Xenakis regularly, but otherwise draws on the talents of a select band of young composers closely associated with the ensemble: James Clarke and Richard Emsley the joint directors, Michael Finnissy its pianist, and Chris Dench and James Dillon. Sunday's Purcell Room concert was the first of three Suoraan are offering over the next few months, none of which stray outside this cosy niche.

Michael Finnissy's furious performance of Xenakis' *Herma* and three relatively unfamiliar Cage pieces supplied the ballast on this occasion. There was little weight, though, in Cage's Experiences II for solo voice, just a gentle, modal setting of an e e cummings text, and some unpretentious rhythmic experiments in the Two Pieces for piano of 1946, which were being played in Britain for the first time. The combination of *Solo for Voice I* with the solo for flute from the *Piano Concerto* produced a neat and tidy little duet that seemed to run quite counter to Cage's intentions in pairing his works in performance: there was too much art, not enough chance.

The thrust of the concert was the first performances of James Clarke's *On fire* and Chris Dench's *Fin 'amor*. Clarke's piece is a short and frantic evocation of an autumn spent in Finland that deals in generalised gestures rather than specific musical ideas, while Chris Dench's "Fragments d'un discours amoureux" (a subtitle borrowed from Roland Barthes) sets up a very specific set of literary references and proceeds to generalise them in a predictable way.

Eyre & Hobhouse

Twelve oil paintings

by BRIONY LLEWELLYN

Twelve oil paintings may sound a bit sparse for an exhibition—especially with all the other block-busters showing in London at the moment—but it is the largest number of oils by Thomas Daniell ever on public view together in this country. There has been plenty of exposure in recent years to Thomas' and his young nephew William's splendid aquatints for *Oriental Scenery* in exhibitions and in a fine book, *Early Views of India*, by Mildred Archer. Their watercolours are also fairly often on show, but their oils seldom appear either on the art market or on museum walls.

Thomas and William Daniell returned to England in 1794 laden with sketches from their eight years of travel throughout the length and breadth of India. As well as working on the plates for *Oriental Scenery* which first appeared between 1795 and 1810, they soon started exhibiting oil paintings. Thomas exhibited Indian scenes at the Royal Academy almost every year until 1828, whereas William, after a time, began to diversify his subject matter as a result of his travels round Britain. In addition, Thomas received commissions for Indian subjects from several important patrons, including the liberal 3rd Earl of Egremont, who entertained many a famous artist at Petworth, and the shipowner and bibliophile Charles Hampden Turner.

Some of the oils shown here were formerly in one or other of these collections (*A Waterfall near Pateta* probably one of Charles Turner's), others belonged to later collections, and three have only recently been rediscovered. Some compositions are more successful than others, but all display Thomas' feeling for the grandeur and singularity—a popular quality at the time—of the scenery. The rushing waterfalls, rocky outcrops, luxuriant vegetation; elaborately sculptured Hindu temples and the more restrained, but still exotic, Mughal buildings—all prominent constituents of his paintings—needed no exaggeration to make them suitably pictorial subjects. The craggy profile of the Shore Temple at Mahabalipuram, almost surrounded by the encroaching sea, is as romantic an image as any of its time. Small, uncluttered and beautifully painted on a mahogany panel, this is one of the most satisfying of the 12 pictures. One at the other end of the scale is the large *Delhi Gate of the Fort at Agra*, where the imposing Mughal gate dominates even the elephants in the foreground. Daniell knew well how to focus attention on one or two elements in a landscape without sacrificing the local detail—figures, animals, plants—which enliven his compositions.

The exhibition is accompanied by an informative and fully illustrated catalogue; it runs until December 4.

Festival Hall

The Dream of Gerontius

by PAUL DRIVER

The London Symphony Orchestra and Chorus undertook *The Dream of Gerontius* on Sunday afternoon. Yevgeny Svetlanov, a Russian with previously attested insight into Elgar, conducted; the Australian tenor Ronald Dowd returned to London after a decade's absence to take the title role.

The first half of the performance was indescribably moving. The orchestral prelude was tensely and lustrously sustained. At the entry of Gerontius the detached impression of hushed beauty startlingly gave way to the most immediate emotional communication. Dowd's voice is considerably past its prime but it could not have been more naturalistically suitable here. Intoned with simple dignity, clear if not strong, musically refined, the opening words, "I am near to death," had a piercing, unforgettable reality. Throughout Part I Dowd's falterings and under-achieved top notes were made as nothing by his heartfelt dramatic projection.

The breathtaking sense of access to a visionary drama was enhanced by a first choral entry, "Kyrie eleison," of magical dynamic sensitivity: *ppps* for once exactly bodied; part-writing allowed to take on some antiphonal life, not be a solid mass. One seemed to be borne in space, unsure as Gerontius where "this new feeling, never felt before" was leading. Elgar's expert construction and arresting alchemical transformations of Newman's text; the model accompaniments from the orchestra (particularly cellos and basses) and Svetlanov's shaping ability, expert also, would have ensured that the great arc of Part I was a profound experience for the listener. But there were additional unlooked-for phrasings and expressivities from Ronald Dowd ("The pain has wearied me . . .") of lacerating plangency.

After the interval the intensity was lower. Perhaps it was a mistake to have an interval? The passage of Gerontius's soul has taken place when one returns to one's seat and one had not known. The similarity of the recitative for Gerontius's soul at the start of Part 2 to the opening of the work is underlined in a detrimental way: we really are back to the beginning and Elgar's seems repetitious. The second part does not, though, maintain the visionary intensity. It would be a Dantesque achievement if it did. Its slight sameness of tone and insufficiency of invention were most marked in the aria for the Angel of the Agony, nicely sung as it was by bass Robert Lloyd. While Helen Watts was splendidly, warmly-voiced as the Angel, Ronald Dowd's staying power now began to diminish unacceptably. "Take me away, and in the lowest deep" was not good. In the context of Part 2 his dramatic plausibility counted for less.

THEATRES ALSO APPEAR ON PAGE 22

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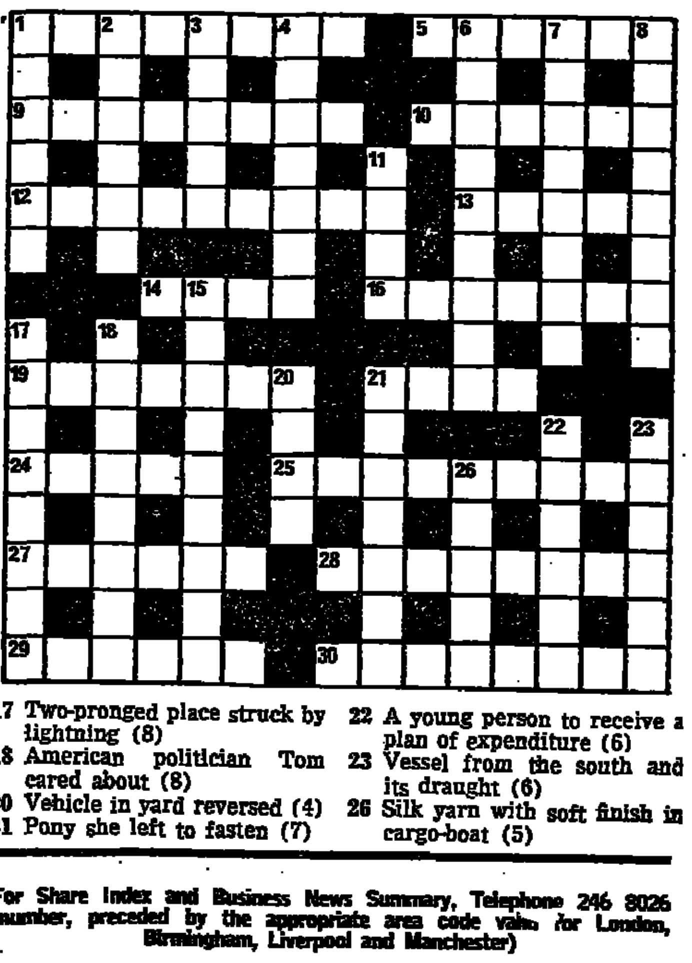

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10 Reached the South-east in an Arab shirt (6)
12 Fails to catch ice-cream cornet and cake (4-5)
13 Serious, therefore be right (5)
14 Two notes in final issue (4)
16 Ancient artistic worshipper accepting party with a bouquet (7)
19 Audibly I vituperate—being frozen? (3-4)
21 Exclusively fish (4)
24 Burst into French and it could be an Eleusinian initiate (5)
25 A quarter cower when terrified (3-6)
27 Sailors joining us on foot? (6)
28 In sequence in a card-game and in succession at tennis (8)
29 Illuminated some prayer (6)
30 A haste to put to death (8)

DOWN

1 Bashful, about strange, inferior textile product (6)
2 Think to calculate (6)
3 Thwart ill-humoured staff (5)
4 Looks on mineral that's a frightful mess (7)
6 Hateful people turn up loot in fungus (9)
7 Domineer on account of a speculator (8)
8 Curse decrepit car going under river (8)
11 One left to turn up in a fine fabric (4)
15 Order given to soldiers in a complete change of opinion (5-4)
17 Two-pronged place struck by lightning (8)
18 American politician Tom cared about (8)
20 Vehicle in yard reversed (4)
21 Pony she left to fasten (7)
22 A young person to receive a plan of expenditure (6)
23 Vessel from the south and its draught (6)
26 Silk yarn with soft finish in cargo-boat (5)

Solution to Puzzle No. 4,737

■	R	I	D	E	R	H	A	G	G	A	R	D	■	■
S	■	N	■	X	■	A	■	O	■	M	■	I	■	U
T	O	S	S	P	O	T	■	T	E	A	R	S	U	P
A	■	I	■	O	■	E	■	O	■	S	■	E	■	P
T	I	G	E	R	■	■	E	G	G	S	A	U	C	E
I	■	H	■	T	■	W	■	R	■	■	■	S	■	R
O	N	T	H	E	W	A	G	O	N	■	B	E	A	R
N	■	■	■	R	■	S	■	U	■	M	■	■	■	E
M	A	P	S	■	C	H	A	N	G	E	L	I	N	G
A	■	R	■	■	■	I	■	D	■	M	■	T	■	I
S	P	E	N	D	I	N	G	■	■	B	R	A	S	S
T	■	M	■	R	■	G	■	D	■	R	■	L	■	T
E	V	I	D	E	N	T	■	R	E	A	L	I	S	E
R	■	S	■	A	■	O	■	A	■	N	■	A	■	R
■	■	S	P	R	I	N	G	G	R	E	E	N	S	■

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A happier summit

MRS THATCHER told the House of Commons yesterday that the meeting of the European Council in London last week had been "disappointing" in the sense that more specific progress was not made on the "mandate"—the term used to embrace the reform of the common agricultural policy and the restructuring of the Community Budget, including the vexed question of the British contribution. And so in a way it was. The heads of government seem hardly to have reached precise agreement on any key issue.

Difficult

Yet there was another way in which the meeting was mildly encouraging, which is rather more than saying that it could have been worse. It took place in difficult circumstances. Mr Andreas Papandreou, the new Greek leader, was attending his first Council and is distinctly suspicious of the Community. Mr Anker Joergensen, the Danish Prime Minister, is faced with elections at home next week and could hardly make concessions on the CAP: the uncertain Danish political situation is also a blow to any hopes of reaching agreement on a common fisheries policy by the end of the year.

Somehow, however, the meeting kept its temper. There were no new acrimonies, few recriminations. The mood seems to have changed. Take Mrs Thatcher. She has not always been all that closely attached to the Community. She has been tetchy at previous sessions. Yet by all accounts she chaired this one well. The British Presidency, which expires at the end of the month is generally judged to have been a success: both fair and competent.

Expenditure

There has also been the change in France. President Mitterrand may be pursuing economic policies which are not much admired in official Bonn or London, but he does seem to be well enough disposed towards the Community and is not wholly averse to the reform of the CAP. The fact that Community policies no longer tend to be agreed in advance by the French and the Germans may turn out to be of benefit to all.

None of that should be taken as an excuse for mutual congratulations. But the change in the atmosphere is important given the problems ahead. Largely by accident, some of the urgency has gone out of the need for agricultural and budgetary reform: the two matters are closely related because so much of Community expenditure goes on the farm policy. The rise in world commodity prices over the past year or so has reduced the cost of subsidising Community produce to third markets. Thus the day when Community spending runs up against the agreed ceiling of one per cent of VAT has been postponed; the percentage of the Budget going on agriculture has gone down sharply.

Again, the further enlargement of the Community to include Spain and Portugal is not yet sufficiently imminent to concentrate the mind on the need to expand Community resources.

Yet it is precisely because there is a lull in the Community's internal crisis that it is imperative to resolve the longstanding and long foreseen problems in the fairly near future. High world commodity prices, for example, cannot be expected to continue indefinitely: the turn could come quite suddenly, leading to a restoration of disproportionate Community spending on agriculture.

Deadline

The London meeting turned outstanding questions back to foreign ministers who will meet in Brussels this month, and clearly there were technical matters—such as curbs on milk production—which were never really ripe to go to the heads of government in the first place. That should never happen again. The deadline for a settlement on the "mandate" ought to be the next meeting of the European Council in Brussels at the end of March. It is all very well to get through one Council meeting saying that the mood was good. To try it again would be a little too carefree in the circumstances.

Comecon trade: the pitfalls

THE ESTIMATE of the UN Economic Commission for Europe (ECE) that Eastern Europe may owe the West more than $80bn by the end of this year holds warnings for both West and East.

What must give cause for concern is not merely the figure itself as the speed at which the debt has been rising—last year alone by 17 per cent—and the profound changes in the political and economic background since the palmy days of East-West trade in the 1970s. Detente has been severely set back and the instance of Poland shows up the limits to indebtedness.

Struggling

Moscow has shown an awareness of the problem. It has been selling gold and, with its allies, has drawn on its hard currency reserves this year. More important, Comecon growth targets appear to have been revised downwards for the next few years in recognition of the danger that the Soviet bloc might be overreaching itself.

The West is still struggling to reschedule the debts owed by Poland, the most acute case. The agreement for 1981 has not yet been fully finalised, and those for 1982 and 1983 are yet to come. Romania, too, is now in need of rescheduling.

Poland has applied for membership in the International Monetary Fund, as has Hungary: Romania already belongs. By itself that is welcome, since members are subjected to pressure to observe monetary and economic discipline. It also provides a safety net for western banks which have lent money to those countries.

But it does not resolve the underlying imbalance of East-West trade, which has been accentuated by the interruptions to production caused by the political upsets in Poland. Taken overall, the eastern side is in perpetual deficit in its western trade. The aggregate amount was about $2.9bn in 1979. Country patterns differed widely, but the Soviet Union was the only Comecon state to be in surplus with the West, by about $0.5bn, thanks to exports of oil billed at the world price.

In the long run and on purely commercial considerations the imbalance cannot be sustainable. But East-West trade always has had additional criteria applied to it, not least political ones. It is no mere coincidence that the hey-day of this commerce in the 1970s coincided with the era of detente. It can reasonably be argued that mutual trade can increase interdependence and thus reduces political instability in the world, though the case is not fully proven.

In assessing the balance of benefit it is also necessary to look at the commercial advantage for the West. Its importance has often been exaggerated. Exports to Comecon account for 4 per cent of aggregate exports of the European members of OECD and for 1.7 for those of the North American members. In the case of Europe that is more than marginal, but barely so. In the case of the U.S. and Canada it is not.

As against that, the Soviet Union is a key market not only for North American grain farmers, but also for many European producers of capital goods. In a period of high unemployment that is a point to consider, though the line should be drawn at the point where the West is merely paying itself when selling to East. If that should become necessary there are plenty of deserving projects closer to home.

Approach

The case of Poland is especially poignant. Poland will never get back on to an even keel without pump priming, for instance by the food aid promised by the European Community. To pay its way once more, Poland will have to get its industry, and above all its coal mines working again at full stretch. In its own interests the West should lend its assistance. There is a strong case for doing so not by further lending, but by aid on concessionary terms. That would avoid driving Poland even further into debt and at the same time demonstrate western solidarity with Polish pluralism.

Equally there is a political case for giving help to Yugoslavia. Its hard won independence is an important element in the European balance of power. The Romanian regime, because of its neo-Stalinist nature, is much less deserving.

The West would be wise not to let Comecon debt rise unchecked except where the mutual business advantage is demonstrable. However spectacular the deal in prospect, the approach must be highly selective. Aid rather than loans may be appropriate where required by political advantage or considerations of humanity.

Top British companies speed up the labour shake-out

JOBS AND BRITAIN'S TOP 50 EXPORTERS 1973-81

	Numbers employed in UK			Percentage change in employment			Comments
	1981	1977	1973	1973–77	1977–81	1973–81	
GEC	157,000	156,000	170,000	− 8.2	+ 0.6	− 7.6	
Br. Steel	109,600	209,000	229,000	− 8.7	−47.6	−52.1	
BL	104,000	171,943	171,296	+ 0.4	−39.5	−39.3	
Thorn-EMI	90,894	74,661	78,568	− 5.0	+21.7	+15.7	Merger EMI 1980
Br. Aerospace	79,000	66,000	71,000	− 7.0	+19.7	+11.3	
Unilever	79,148†	91,923	88,544	+ 3.8	−13.9†	−10.6†	
Courtaulds	77,405	112,009	125,000	−10.4	−30.9	−38.1	
ICI	74,000	95,000	104,000	− 8.7	−22.0	−28.8	1973 excludes IMI
Ford	70,000	73,333	70,143	+ 4.5	− 4.5	− 0.2	
Br. Shpbldrs.	67,500	—	—	—	−22.1*	—	Post-nationalisation figures
Hawker-Sidd.	55,000	50,900	82,400	−38.2	+ 8.0	−33.3	From 1975 excludes BAe subsid.
Lucas	55,000	68,778	71,330	− 3.6	−20.0	−22.9	
GKN	51,000	73,196	78,351	− 6.6	−30.3	−34.9	
Rolls-Royce	55,000	56,646	61,446	− 7.8	− 2.9	−10.5	
Tube Inv.	50,300	51,490	53,813	− 4.3	− 2.3	− 6.5	
BAT Ind.	47,450†	36,388	36,782	− 1.1	+30.4†	+29.0†	Major UK retailing expansion
BP	39,000	33,708	26,072	+29.3	+15.7	+49.6	Shell Mex, BP split Jan. 1976
Northn. Eng.	36,000	33,678	—	—	+ 6.9	—	New group 1977
BICC	32,100	32,200	36,200	−11.0	− 0.3	−11.3	
Dunlop	32,000	48,600	52,000	− 7.7	−33.3	−38.5	
S. Pearson	31,322†	28,946	27,282	+ 6.1	+ 8.2†	+14.8†	
Philips	30,000§	N/A	61,339	− 4.1	−34.4‡	−51.1	
Vickers	29,425†	27,095	29,724	− 8.8	+ 8.6†	− 1.0†	Rolls-Royce Motors merger 1980
Burmah	28,000	31,900	38,700	−17.6	−12.2	−27.7	
IMI	22,255	26,664	28,173	− 5.4	−16.5	−21.0	
Vauxhall	21,000	30,180	34,141	−11.6	−30.4	−38.5	
Shell UK	20,035	19,767	—		+ 1.3		Shell Mex, BP split Jan. 1976
Babcock Int.	19,238	22,521	20,716	+ 8.7	−14.5	− 7.1	Name change in 1979
Distillers	18,943	19,156	19,300	− 0.7	− 1.1	− 1.8	
Michelin	17,500	18,658	17,274	+ 8.0	− 6.2	+ 1.3	
Dowty	16,635	13,886	13,222	+ 5.0	+19.8	+25.8	Acquired Ultra in 1977
Massey-Ferg.	15,870	21,486	18,907	+13.6	−26.1	−16.1	
IBM	14,741	15,498	12,428	+24.7	− 4.9	+18.6	
Racal	14,135	5,373	3,533	+52.1	+163.1	+300.1	Merger Decca 1980
Glaxo	13,725	15,944	16,568	− 3.7	−13.9	−17.1	
Rank Xerox	12,520	11,615	10,762	+ 7.9	+ 7.8	+16.3	
Eng. China C.	11,795†	10,977	10,900	+ 0.7	+ 7.4†	+ 8.2†	
Kodak	10,496†	11,364	12,768	−11.0	− 7.4†	−17.8†	
Talbot/Chrys.	10,000	22,800	30,883	−26.2	−56.1	−67.6	
CIBA-Geigy	9,234	10,933	7,465	+46.5	−15.5	+23.7	Takeover Ilford 1975
Davy	9,113¶	5,929	4,938	+20.1	+53.7	+84.5	
Esso Petrolm.	8,614†	8,666	10,026	−13.6	− 0.6†	−14.1†	
Rothmans Int.	8,057	6,349	5,956	+ 6.6	+26.9	+35.3	
Inco Europe	6,400	7,552	4,187	+80.4	−15.3	+52.8	Acquired Daniel Doncaster 1975
Cummins Eng.	6,109	3,760	3,389	+10.9	+62.8	+80.3	
Johnson Matthey	5,888	5,635	5,748	− 2.0	+ 4.5	+ 2.4	
Caterpillar	4,812	5,114	4,655	+ 9.9	− 5.9	+ 3.4	
Intl. Harvester	3,500	6,430	5,829	+10.3	−45.6	−40.0	Acquired Seddon Atkinson 1974
Mobil	2,477†	2,342	N/A	—	+ 5.8†	—	
Conoco	2,299	2,259	1,724	+31.0	+ 1.8	+33.3	

† 1980 figure used; * 1978-81; ‡ 1976-81; § Floated Cambridge Instruments 1981, taking about 5,000 Philips jobs; ¶ Acquired Herbert Morris and British Testing in 1978.

Research by Ian Halliday

SINCE 1973 employment in manufacturing industry has fallen by more than 20 per cent. In the past two years the decline has accelerated; nearly twice as many manufacturing jobs have disappeared since 1979 as in the six years following the oil shock of 1973.

A shakeout of this kind could not occur without far-reaching effects on Britain's industrial structure. To illustrate these trends, the accompanying table shows how UK employment has changed over the past eight years in the companies which filled the first 50 places in the 1981 Financial Times List of the country's largest exporters.

It is scarcely surprising that the deepest wounds are to be seen in the motor industry and those which supply it. Rising import penetration throughout the 1970s led to a huge surplus of domestic capacity. In 1979, the peak year for car registrations, the domestic industry produced only three-fifths as many cars as it had in 1973. When registrations fell away last year output dropped below the level reached in 1958.

Leading the retreat from car-production, and shrinking faster than every other company in the sample, Talbot (ex-Chrysler) has cut its workforce by 67.6 per cent since 1973, two-thirds of that reduction coming in the period since 1977. In that time, BL has cut back by some 40 per cent, Vauxhall by 30 per cent. As the Linwood auction demonstrated last week, much of the associated plant has been put irretrievably out of commission.

It is the next thing to inevitable that of the dozen most radically reduced workforces, seven are directly implicated in this running sore while two more are in the neighbouring fever-zone inhabited by agricultural machinery.

Automotive component manufacturers have tried hard by diversification to reduce their dependence on the motor industry: for instance, Lucas has built a successful aerospace business. GKN has been more severe in its job cuts, shedding 30 per cent to Lucas' 20 per cent.

Tyre companies cannot do much but back away. Dunlop has cut by a third since 1977, and may have more to do. Michelin, the dominant supplier in Western Europe, has done little surgery as yet.

In absolute numbers, British Steel has had to cut the deepest. Nearly 120,000 men have been taken off the strength since 1973, three-fifths of them in the last two years. Ten years ago—when it was turning out twice its current volume—the motor industry provided British Steel with something like a decent base load. The intervening years have contracted that base at the same time as chronic overcapacity has been developing throughout Europe.

THE TABLE has been compiled by Financial Times research staff mainly from published company data, annual reports of quoted UK companies being required to disclose average numbers employed during the accounting year. Where a company has yet to report in 1981, or is not UK-owned or not quoted, the information has in most cases been obtained directly from the company. Some data relating to earlier years has been taken from the "Times 1000."

Other nationalised industries have got off lightly by comparison: cutbacks since 1977 at British Rail, British Airways and the NCB averages a mere 4.5 per cent. And the numbers employed by British Gas and the Post Office have actually risen, by 5 and 6 per cent respectively.

In the latter case, British Telecom is included, and its expansion presumably accounts for most of the rise. But a comparison of British Gas with the CEGB—where numbers fell—underlines the extent to which gas supplanted electricity in the seventies.

Three other companies have suffered more than just a cyclical setback.

Philips has halved its UK numbers since 1973. Revolutions in electronic components and in television tube design have been largely responsible, supplemented by Philips' sale of 400 electrical shops in 1976 and its flotation of Cambridge Electronic Industries (a collection of Pye satellites) this year.

Courtaulds had been withdrawing gradually from its inheritance under bombardment from the textile industries of less-developed economies. When the financial crunch arrived in 1980, the group move fast, shedding capacity at a frightening rate but with the desired effect.

Squeezed between rising feedstock prices and collapsing customers, ICI has had to abandon bulk fibre production, and to contemplate withdrawing from other former staples. It is generally conceded that ICI was overmanned in the mid-1970s, judged by the standards of other chemical giants; for example BASF's sales per man in 1974 were roughly twice as high.

The companies which have significantly expanded their workforces since 1977 inevitably constitute a very diverse minority, and in most cases their insulation from the industrial climate is less complete than the figures imply. Eight of the 12 most rapidly expanding employers have acquired much of their extra labour in takeover bids.

The most prominent example is Racal's merger with Decca in 1980. As a successful and consistently fast-growing company, Racal's trend rate of annual UK labour intake was slightly over 5 per cent in 1977-80. At that pace, Racal's labour force might have been expected to reach its present size in 1997.

Of course, mergers are not the only reason why rising figures can mislead. At Cummins Engine the bald numbers give the impression of a steady build-up—by more than three-fifths since 1977—which has been halted but not really reversed this year. This advance was surpassed only by Racal/Decca. Yet there has been redundancy in the same breath as expansion.

Cummins' U.S. parent has persevered with plans to attack the European market from a manufacturing base in this country, investing in defiance of loss-making phases. Thus, plans to hire 1,000 workers in anticipation of the recovery were recently announced. But over 900 redundancies have been sought or secured since August 1980.

Since the reductions at British Steel, GEC has become not just the largest private employer in the UK, but the largest manufacturing employer. Since 1977 its workforce has barely changed in size.

GEC's product range includes diesel engines and telephone exchanges, turbine generators, missile-guidance systems, light-bulbs and domestic appliances, and this broad spread has given it a real measure of stability. All the same, a proverbially tight-reined management has made cuts in its more cyclical businesses, and responded to technological pressures.

This combination of growth and shrinkage is graphically shown by the way GEC absorbed the Averys weighing machine business in 1979. The company employed about 8,500 in the UK, but rationalisation elsewhere in GEC still led to an overall decline that year.

Jeremy Stone

Men & Matters

Metropolitan line

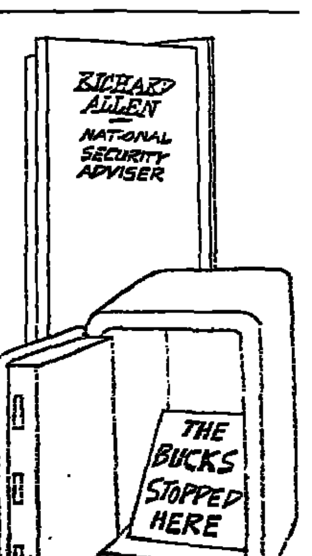
Opening the first trade fair in the City since the Bartholomew Fair was suppressed some 200 years ago, the Lord Mayor, Sir Christopher Leaver, had a more receptive audience yesterday than the crowd of mountebanks, cutpurses and merry andrews that invariably greeted his predecessors.

One Lord Mayor in fact, did not survive the opening ceremony in 1688. The unfortunate Sir John Shorter, arriving on horseback, paused to take the customary tankard of wine from the governor of Newgate prison. The lid of the tankard clanged shut, his horse started, and Sir John was fatally thrown.

But if Sir Christopher approached the Barbican exhibition centre more cautiously and abstemiously on foot yesterday, he was refreshingly outspoken once he arrived.

He took up the London Chamber of Commerce and Industry's charge that the capital has suffered enormous damage by successive government policies of channelling population and jobs elsewhere.

There had been no lobby for London as there has been for other regions, said Sir Christopher, rapidly remedying the omission. The City was the only place in the country where lasting economic recovery could be triggered — yet it was still too widely regarded as "somewhere to come for a good meal and to make a speech."



Waking dream

Terrified by South Korea's thirst for work? Well you ain't seen nothing yet. "The Seoul stock market" I learn from a correspondent "reacted favourably . . . to news that the country's 12 am to 4am curfew in effect since the Korean War would be lifted next Spring to allow more normal economic activity."

Fire power

Trendy new American business slang for sacking people nowadays is "riffing" — a concertinaed version of "reduction in staff."

Jewel purpose

As the Australian Ashton diamond project consortium moves towards a decision on how the projected 22m carats per year will be marketed, De Beers has seconded its senior public relations officer, Neville Huxham, from head office in Johannesburg to Australian Anglo-American in Melbourne.

The key choice facing the consortium, led by CRA, is whether or not the diamonds should be handled by De Beers' Central Selling Organisation (CSO), which sets prices for and markets over 80 per cent of the world's rough diamond production. The attraction of CSO to producers is its willingness to buy its quota regardless of market conditions; but its South African parentage means that it may not always be politically popular.

De Beers says that Huxham has not been despatched "to do a deliberate campaign." He has gone "to keep his ear to the ground and to get a feeling of the place," is the word from Johannesburg, where a colleague describes Huxham's brief as to "quietly assess the situation." "To test the water" is the preferred phrase in London. Huxham will be down under for at least four or five months, which seems quite a long time to test water—but then, Australia is quite a big country.

Eau dear

And the outcome of Stock Exchange Rowing Club contre Club Nautique de la Bourse? "We lost reasonably disgracefully," reports setroke John Gill. But the picture brightened in after-hours dealing, when the Stock Exchange team scored a two-one victory in a different sort of contest, fought on red wine instead of water. I gather also that the Club Nautique will not be able to give pride of place on its mantel piece to this particular rowing cup. The British team were so confident of victory that they forgot to take the thing over to Paris with them.

Noble calling

Investment trusts may look a bit staid and stuffy to the small investor. But I expect to see a rather livelier image projected after the election yesterday of Lord Mark Fitzalan Howard, a director of Robert Fleming and youngest brother of the Duke of Norfolk, as chairman of the Association of Investment Trust Companies.

As head of the AITC's publicity and information committee during the past three years, he has begun within the industry's legal and traditionally conservative confines, to get across to the general public some idea of the professionalism with which the industry manages some £9bn investments.

While more statistics about management performance and share records have been welcome, there is little doubt that the investment trust companies, and the City generally, would profit from a sharper profile.

Fitzalan Howard, who has spent most of his career in the industry and entrusted it with his modest personal investments, says he has no wish to be seen throwing the weight of its 700,000 shareholdings about.

But 50 years after the AITC was formed — initially to salvage some dividends from the wreckage of the 1929 disaster — could be the time to start raising its voice.

Double bind

The Poles do not, I am told, have a monopoly on Eastern Bloc humour. The following joke comes by hang-glider from East Berlin:

A factory director went to see his ministerial boss. "Klaus," he said, "I have to resign." "But Gunther," replied Klaus, "that's silly. What reason is there for such a thing?"

"Two," said Gunther. "First, just look across the border at Poland. Factory directors are being treated disgracefully. There was even a physical attack on my friend Jan Pozniak. It could happen here."

"Nonsense," said Klaus. "Our government would never permit the kind of changes that are taking place in Poland."

"That," replied Gunther, "is my second reason."

Observer

FINANCIAL TIMES SURVEY

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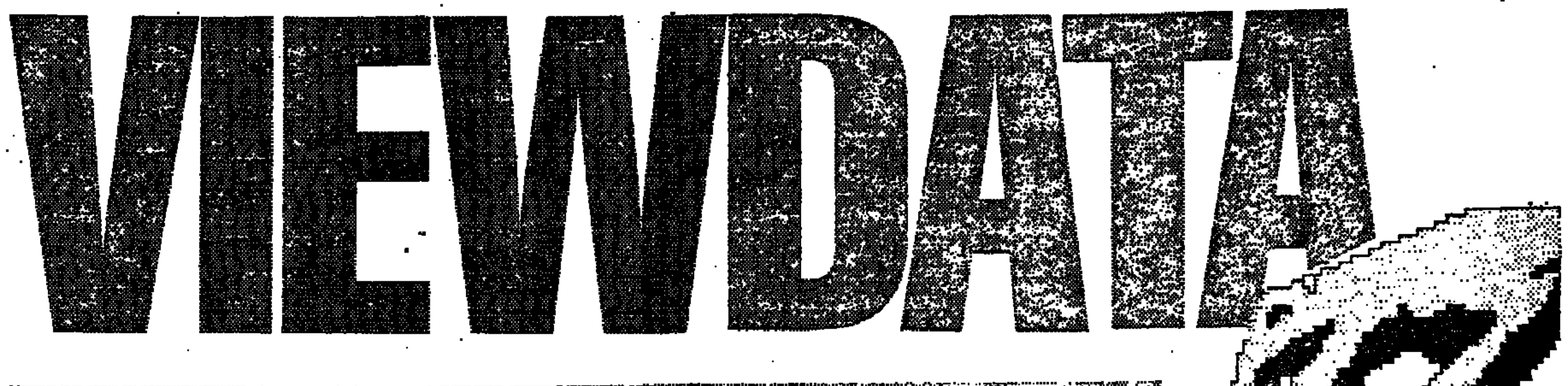
Viewdata, which combines the technologies of computers and communications, was first developed by Britain's Post Office telecommunications research laboratories in the early 1970s. Today, the potential of public viewdata/videotex systems, such as Prestel, for distributing information at relatively low cost has excited widespread interest, particularly in the business community.



Intense competition to win orders in world market

BY GUY DE JONQUIERES

VIEWDATA, as it is known in Britain, or videotex, as it is called elsewhere, is one of the simplest and technically neatest products of the revolution in information technology, which combines the once separate technologies of computers and communications.

Its potential as a mass-medium for distributing easily accessible information to a large public at relatively low cost has excited widespread interest. Britain already has a public viewdata service, Prestel, in operation, and several other European countries are conducting state-backed viewdata trials.

Competition to win orders on the world market, where Prestel is vying with rival systems developed by France and Canada, is intense and sizeable amounts of Government funds are being spent by all three on marketing and promotion.

Nowhere is the contest fiercer than in the U.S. The recent deregulation of "enhanced" services combining data processing and communications, the explosion of cable television and the insatiable American appetite for information and entertainment all point to a tremendous growth of viewdata-type services during the next decade.

Surprisingly, though, the Americans have not rushed into developing their own viewdata systems and have been hesitant to commit themselves to launching public services such as Prestel.

American Telephone and Telegraph, which is keenly interested in entering the market for "enhanced" communications, announced its outline viewdata standards only six months ago: even then, and despite AT & T's massive research and development resources, it plumped for a modified version of Canada's Telidon system.

Perhaps the Americans have been wise to tread cautiously. For public demand for viewdata has so far been slow to develop, and predictions of market growth have been repeatedly confounded, sometimes wildly so. Prestel, though the biggest public service anywhere, still has only 13,000 subscribers: that is a quarter of the number which its backers had expected to attract by the end of last year.

By contrast, there has been a steady growth of interest in viewdata for use in business. Private systems, such as the London Stock Exchange's Topic share price service, are starting to flourish, and even International Business Machines (not often an enthusiast of other people's inventions) is offering its customers viewdata as an addition to their computer systems.

Viewdata was first developed in the Post Office's telecommunications research laboratories in the early 1970s. Strictly speaking, it is not a new technology but the result of the ingenious adaptation and combination of existing technologies. That helps to explain why rival versions appeared so quickly in other countries.

At that time data-processing—especially in Europe—was done mainly at large, centralised computer installations, under the vigilant eye of qualified technicians who alone could master the complex instructions needed to make the machines function. The idea that non-technical staff might gain access to the computer room was still pretty much a heresy.

Much of the work done by computers was in the form of batch processing: data used for tasks like payrolls were transported to the computer, processed, and the results shipped back to wherever they were needed: Direct "on-line" communications with computers from a distance was limited because of the cost of leasing the necessary circuits.

The immediate appeal of viewdata was that it broke through many of these constraints. By clever innovation in software, or programme design, its originators produced a system with several advantages:

- Someone with no training in data processing techniques could "talk to" a computer. By following step-by-step instructions on a display screen, "pages" of information written in ordinary language could be retrieved and read.
- No elaborate terminal was needed. The system could be entered by means of a television set equipped with electronic components to turn viewdata signals into a graphic display.
- Viewdata sets could be linked to the central computer by means of an ordinary switched telephone circuit.
- The system could be developed to enable users to send massages electronically or to use their viewdata sets as home computers by calling up and storing information stored on the central data base.

But turning the breakthrough into a consumer service which would pave the way to development of a "wired society" has proved more difficult than the Post Office, latterly British Telecom expected. Not only has the general public baulked at Prestel set prices and operating charges, but it has apparently found much of the information available on the system less than irresistible.

The reason seems to be that in marketing the service, the Post Office cast its net too widely: by trying to aim it at everybody, it attracted nobody in particular. This analysis appears to be supported by viewdata's somewhat greater success among businesses as a medium for more specialised information.

Prestel's single largest customer category is travel agencies, which use it to look up timetables and so forth, followed by subscribers seeking information about financial markets. But its popularity is fast being outstripped by private viewdata systems established at their own cost by companies, financial institutions and other organisations.

Private systems consist of a central computer or computers, terminals and the programming needed to operate them. The cheapest, which start at less than £20,000, link users only to one computer. Typical applications include use for education and training, as a means of communicating with staff in an organisation or as a ready-reference guide to documentation or business stocks.

BL, the British motor group, has set up a private viewdata system for its dealers. Known as Stock Locator, it enables the 300 dealers already linked to it,

CONTINUED ON NEXT PAGE

A senior consultant at CMG specialist banking computer services company uses a viewdata system to chart business growth

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● Editorial production of this survey was by Mike Wiltshire.

Guy de Jonquieres examines the prospects of Prestel

Main appeal is to business community

PRESTEL, Britain's public viewdata service, represents one of the boldest investments yet made in Britain in the commercial application of a new form of information technology system.

British Telecom, which invented viewdata, is estimated to have spent some £40m so far on developing it and bringing it into operation. Launched on a trial basis in 1978, Prestel was rushed into public service the following year in an effort to capitalise on its potential as a British "first."

Energetic marketing efforts have also been made overseas. Prestel technology has been sold for use on a trial basis in more than half a dozen countries, giving it a clear lead on the world market over competing systems developed by France and Canada.

Yet Prestel's brief history to date has also been pitted with disappointments and missed targets. Conceived originally as a popular mass-medium which would bring the benefits of computerised information into ordinary homes, it has failed to catch on as quickly as expected, particularly in the residential sector.

British Telecom originally forecast a market of 1m Prestel sets and hoped that there would be 50,000 installed by the end of last year. But so far, only about 13,000 have been linked to the service, the great majority of them in businesses.

That, admittedly, is far more than have been installed so far in any other country. In France, the national viewdata system known as Teletel is only now starting in public service, initially in the region of Vélizy, south west of Paris, where trials have been conducted among a selected audience.

But Prestel's performance pales beside the success of teletext, its simpler and less expensive cousin which uses broadcasting channels to transmit "pages" of computerised information to modified television receivers. It is estimated that some 250,000 teletext sets are already in use and are being installed at the rate of as much as 20,000 a month.

With the benefit of hindsight, it seems clear that the reasons for Prestel's slow start lie in the marketing approach taken rather than in the technology involved. Somewhat surprisingly, for a telecommunications authority, British Telecom decided from the outset to offer the service as an extension of the television set rather than of the telephone.

Responsibility for the marketing effort has been entrusted to a delicately balanced three-way alliance. British Telecom provides the central Prestel computers and the telephone lines linking them to sets; the television manufacturers have been largely responsible for designing, making and distributing Prestel receivers; and a group of independent companies known as "Information Providers" supply and update the information stored on the database.

A key assumption from the start was that television manufacturers would help to create a mass market by gearing up for volume production which would allow sets to be sold fairly cheaply. But the manufacturers have been hesitant about committing really substantial resources to an untested market. And though a wide variety of set models is now available, they are being produced in relatively small quantities and at premium prices.

The costs

As well as buying or renting a set, a subscriber must pay every time he dials up the central computer. There are charges for the service, for accessing many of the information 'pages" on the computer and for a local telephone call.

It has been estimated that an average residential subscriber could easily run up a Prestel bill of more than £200 a year For many, that must seem a high price to pay for information which could be obtained free or less expensively from other sources such as newspapers, travel agents or libraries.

Prestel's main appeal so far has been to business users. It has found a niche, in particular, in the travel industry, which uses it to obtain information about airline and train schedules, package tours and so on. There is also a steadily growing base of users seeking market information about currencies, commodities, share prices and similar psubjects.

During the past year, British Telecom has made a deliberate effort to focus its marketing campaign more squarely on business subscribers who, it now believes, will provide the bulk of growth in the foreseeable future. Its £1m Prestel advertising campaign last year, which was aimed broadly at a mass audience, has been succeeded by a more narrowly defined marketing strategy concentrating on specific sectors of the business community.

At the same time, it has instituted a cost-cutting programme designed to reduce losses, which have recently been running at about £4m a quarter. Fourteen of Prestel's 20 regional computers are being mothballed, about 100 staff are being redeployed in British Telecom and eight of Prestel's 10 regional centres are being closed.

Some of these moves are being made also in preparation for the introduction next spring of a new service, known as "Gateway." This will expand substantially the range of facilities available to subscribers but will require less capacity on Prestel's own computers.

"Gateway" will enable subscribers to gain access to a number of computerised databases linked to the system, instead of being confined to the single database set-up for Prestel.

Furthermore, it will transform the system from being little more than an information retrieval service into a medium for carrying out instantaneous two-way transactions.

A subscriber can, at present, use Prestel to inquire, say, about airline timetables and to request a seat on a particular flight. But he will not know if he has a seat until the airline calls him back by telephone. With "Gateway," he will be linked directly to the airline's computer, which will tell him of seat availability and make a confirmed reservation within a matter of seconds.

In West Germany, where "Gateway" has been on trial for some months, it is already being used by subscribers to check bank accounts, transfer money and even order insurance policies. It clearly also offers enormous potential for the development of new services such as electronic shopping and home computing.

The exact types of service available on Prestel will depend on what information providers linked to the system choose to provide. About a dozen organisations have already signed up including Barclays Bank, American Express, Thomson Holidays and Fintel, part of the Financial Times.

Another new facility, launched on a trial basis this autumn, is Mailbox. This is an electronic mail system, which enables one Prestel subscriber to send a brief written message to another for as little as 5p a time. Subscribers can either write their own text or choose from a range of standard messages available for events like anniversaries.

British Telecom clearly hopes that involving companies like American Express and Barclays Bank in Gateway will also help build up the residential market for Prestel. Though these companies have yet to say exactly how they plan to use Gateway, they presumably view it as a medium for dealing directly with their large numbers of private customers.

Though it will probably be several years before residential subscribers outnumber business users of Prestel, there have been some recent developments which suggest that the non-business market could start to pick up.

Facilities

One is the increasing availability of plug-in Prestel adaptors, costing as little as £150, which can be fitted easily to an existing television set. Another is the growth of home computer sales, exemplified by the remarkable success of the £70 Sinclair ZX-81, launched earlier this year.

If American experience is any guide, many owners of home computers will want to use them to communicate by attaching them to the telephone network. Gateway could provide them with a number of facilities, and adaptors designed to connect personal computers to Prestel have recently begun to appear on the market.

Another novel suggestion for popularising Prestel has been made by the Butler Cox consultancy firm. It is that 100000 Prestel adaptors should be lent to selected households for a limited period, in the hope that it would encourage them to buy adaptors of their own.

Butler Cox estimate that the cost of such a programme would be substantial—about £24m—but that as much as £18m would be recovered in the form of revenues from the increased usage of Prestel which would result.

NAMES OF TV DATA SYSTEMS

SOME confusion prevails in attempts to use an internationally standardised terminology to describe TV data systems. There is a rush of names specific to national systems—such as Teletel And Antiope in France. Captain in Japan and Telidor in Canada.

Usage in Britain tends to adopt at least three names for most general purposes, plus three others as the equivalent of "brand names."

Videotex is the generic name covering data systems using television sets for display information.

Viewdata: these data systems which use direct lines (wired), such as the telephone network for connecting TV sets to computer information base.

Teletext: those systems which transmit data to TV sets as a component in a public television broadcast signal.

Prestel is British Telecom's name for its video data system now operated via the public telephone network. Ceefax is the BBC's name for its broadcast teletext service. Oracle is ITV's broadcast teletex service—compatible with Ceefax and receivable on the same sets.

Names and details of various international videotex developments are given on pages VII and VIII of this survey.

Competition in the world market

CONTINUED FROM PREVIOUS PAGE

to track down the whereabouts of any vehicle in stock throughout the country in less than one minute. To do the same thing by telephone could take as much as three or four hours.

More elaborate private systems, which can cost £100,000 or more, also incorporate a "gateway" facility which enables users to gain access to other computers and data-bases. That obviously expands greatly the amount and variety of information available to them.

Thomsons, the tour operators, are conducting a trial of such a system among selected travel agents. By providing agents with viewdata terminals which can be connected to their main computers, Thomsons enables them to look up information about travel schedules and to make confirmed bookings through the system.

Advantage

The success of viewdata in business may be explained by the fact that it is providing a genuine additional service to users who depend on information for their survival. The availability of more information at greater speed is a tangible advantage whose value can be demonstrated in terms of increased efficiency and, ultimately, of money.

The same equation does not, as yet, apply to ordinary householders. Few seem to think that Prestel has the same appeal as video-recorders, which offer the dual advantage of enabling viewers both to choose when they watch television broadcasts and, by renting or buying pre-recorded tapes, to bring the cinema into their own homes.

Will viewdata ever achieve widespread popularity among consumers? The answer seems likely to be yes, provided that those responsible for promoting it spend less time marvelling at its technical ingenuity and devote more attention to seeking out clearly-defined market opportunities which viewdata is equipped to exploit.

There are some positive signs that this is happening. One is the French Government's plan to supply households with viewdata terminals linked to an electronic telephone directory. This would enable telephone subscribers to obtain numbers anywhere in the country by interrogating a central computer.

As originally conceived by the last French Government, the electronic telephone directory would have been compulsory and would have replaced printed directories. Under President Mitterrand, the plan will be voluntary, and it remains to be seen whether terminals can be manufactured at a sufficiently low price to persuade large numbers of subscribers to buy or rent them.

In West Germany, the public viewdata service now on trial, known as Bildschirmtext, incorporates a "Gateway" facility. This enables users to carry out transactions including electronic banking, as well as to peruse pages of information. Britain's Prestel will be converted to a Gateway system next year. It also launched recently an electronic message service.

Another promising development has been the decision by Western European telecommunications authorities to adopt a single standard for viewdata. This move has not only ended months of squabbling between Britain and France over whose system was best but also means that it will be technically possible for all European public viewdata services to be linked together.

These moves, if accompanied by a shrewd marketing effort and the investment necessay to produce genuinely low-cost terminals, could help transform viewdata from being a solution in search of a problem into one of the most popular media of the electronic information age.

Technology brings together several well-tried techniques

THE WORLD'S telephone authorities have a problem in common: from 6 pm to 9 am exchange and transmission equipment worth billions of dollars is badly utilised.

This was an important reason for the emergence of viewdata in 1978. It was thought that, each evening hundreds of thousands of TV sets in homes up and down the country would blossom forth as revenue-earners, as families pushed buttons to receive words and numbers, instead of their favourite television programmes. Whether Mr Average wanted to grapple with tree-branching retrieval of data which he barely needed in the first place, was a matter of opinion.

At about the same time, the television industry was having similar thoughts for rather different reasons. With the first flush of colour gone, set sales were lagging. The notion was to freely give data away, along with the programmes. Thus, teletext was born—Ceefax at the BBC and Oracle at ITV.

There were people in both industries with the uneasy feeling that the viewdata/teletext/videotext proponents were turning their backs on the ordinary man's view of the purpose of "the box"—to entertain.

There are, in fact, still only 14,000 Prestel sets in the field, almost all in the business sector, while the success of teletext has been muted, to say the least. This can hardly be related to a recession-driven lack of disposable income because the sales of video recorders, at a nominal £500 each, is already past a million a year mark in Britain alone.

Perhaps what now has to be awaited is an up and coming generation of young people thoroughly accustomed to sitting down in front of a display unit at school or college to obtain or manipulate data. And that day, say the Prestel men, must surely come.

Meanwhile, private viewdata systems for business are faring rather better, although in this case the technology simply finds itself in competition with other, older established ways of interrogating data bases.

None of this however, detracts from the technical novelty of the basic viewdata idea.

After all, what could be more natural and logical than using a ready-made, nation-wide distribution network (the 'phone system) to send data to a ready made population of data receivers (the TV sets) particularly if you own the copper network?

With teletext, the TV authorities do it by broadcasting data frames (screens-full) that are modulated on to some spare horizontal scan lines beyond the top of the picture. Frames are broadcast in a repeating sequence, a store in the TV set capturing the desired frame as it passes, displaying it immediately afterwards on the screen.

Interaction

A user has to wait for his frame to come round and, the bigger the database, the longer the wait can be, perhaps up to two or three minutes. Interaction of user with database is not possible: the system is one-way.

Viewdata is two-way. It consists of several geographically spaced identical databases held on GEC computers that are dialled up at will from a terminal having a keyboard, TV display, character generation and other logic, together with phone line send/receive circuits.

The computers store frames of information which, on demand, are sent at 1,200 bits/sec to the customer. Keyboard requests, having less data content, travel the other way at only 75 bits/sec.

With each frame selected, the user is given, on the screen, choices of other frames so that he can branch into more and more detail in a particular subject. Or he can return to a basic index and start again. If he knows the frame he wants by number, he can key in and receive it straight away.

The information providers (IPs) update a copy of the database held in a specially allocated computer at an update centre (UDC). Soon after, the changes are sent by fast digital links to the user computers at the information retrieval centres (IRCs). The IPs update their database segment over phone lines using special terminals, by physically despatching magnetic tapes, or by connecting their own computer direct to the UDC.

In the centres the frames are held on magnetic disc stores that can rapidly access a frame as soon as a subscriber's call is received. The action is basically no different from that of finding a particular band on a gramophone record.

The equipment, which employs established computing and telecoms techniques, can also be used for response frames. These are frames asking questions which the subscriber can answer using a message frame that is then held in the IRC store.

Corresponding IPs can then retrieve the message frames by dialling the IRC. Later, Prestel plans a separate computer that will allow messages to be sent between subscribers.

At the subscriber end, three types of terminal have emerged: the TV receiver with viewdata (and probably teletext) facilities built in; an adaptor to convert an existing set; and business terminals, usually desk-top units in which TV reception is a secondary consideration and where intelligence may be built in for private system purposes.

In private viewdata systems—a growth area—the database is in-house, although access to public viewdata will be possible. In Prestel, British Telecom offers private facilities with its closed user group—database segments are allocated that cannot be accessed by anyone else.

Much of the debate in viewdata circles centres around standards for display and coding of transmissions.

In Europe, agreement exists about the structure on the screen, called alpha-mosaic. It has 24 rows and 40 columns, each position containing either a character or a mosaic pattern three elements high and two wide (giving a graphics composing mesh of 72 x 80 elements).

What is not standard is the way the characters are coded for attributes such as colour and size. Basically, Prestel is coded only for changes that occur within a row. French Teletel coding, on the other hand, modifies each character as it occurs. This needs more memory, but does not give rise to the blank spaces that can occur in Prestel (although a further development called Prextend is said to avoid this).

Trial systems

Recently, the CEPT (European Conference of Posts and Telecoms Administrations) specified a terminal model that would be able to receive Prestel and Teletel, with the bonus of more flexible colouring. Although it requires even more storage, this may matter less as memory costs come down.

Some 15 other countries have operating or trial systems compatible technically with Prestel. But Prestel, Teletel, Canada's Telidon Mk 1 and some recent proposals by AT & T in the U.S. are not technically compatible. However, standards converters might prove feasible.

The AT & T scheme embraces several of the recent developments as well as ordinary alpha-mosaic coding.

One innovation is geometric coding, in which the 72 X 80 cells offered by mosaics is replaced by X-Y co-ordinate point definition amounting to a screen resolution of about 200 X 240 pixels (fundamental picture elements). More detailed and variable graphics with less jagged-looking diagonal edges become possible.

Canada's Telidon system is to be brought into line with the AT and T proposals.

A useful enhancement (in the CEPT and the AT and T proposals) is DRCS—dynamically redefinable character sets. In essence, the database computer is able to give the user's terminal instructions to create completely different characters not held in the terminal's memory.

In the very latest presentation technology, photographic coding, the engineers seem to be reverting to the original television technique of defining the picture dot-by-dot. A Japanese system, called Captain, does this, using eight colours, simply because there are no alphanumeric characters in the language, only complex graphical ones.

In Britain, Picture Prestel is under development, once again with emphasis on economy of coding and storage. Standard TV technique is used with a "signal" for luminance and two others for chrominance. Further data compression by transmission is achieved for transmitting, not the absolute values of colour data, but the differences between successive values.

In 1983, Prestel 2 is planned for working over British Telecom's new all-digital network. It will offer the CEPT standards, DRCS, photographic display and optional data encryption for secure transmission. The new terminals will still be able to receive existing Prestel frames.

There are only two years to go. By then, perhaps greater public interest in the whole subject will have been generated.

Geoffrey Charlish

Widespread applications forecast for early 1990s

MANY PEOPLE lose their critical faculties when first confronted by viewdata.

Some become immediately hostile and see it heralding an age when individuals make contact with the world only via computer-based models of reality. Others take an equally extreme view but see viewdata as the entree to an exciting new world of enhanced communication, entertainment and education which will immediately remove many time-consuming chores.

People with computer systems experience have tended to be dismissive saying that there is nothing new in viewdata and that its ease of use is counter-productive when it comes to doing an effective task.

There is an element of truth in each view, but one needs to take a cool look at the factors which influence any computer / communication system before suggesting how viewdata developments will turn out in the next five to ten years.

New computer systems develop under three distinct pressures—economic, social and technological. The economic/technological pressures are obvious; as labour costs rise and as computer/communication technology becomes cheaper, businesses, particularly when margins are under pressure, use new systems to cut the cost of data input, processing and output.

Home terminals

Salesmen, for example, are being given home terminals to enter orders, allocate stocks, make call reports, receive debtor lists and so on, so cutting out data input/output staff at branch and central levels.

The diagram shows how the costs of each type of system rise because of the labour element in their make-up and how each comes into its own as the cost of computer processing and memory falls.

The social pressures are more complex and much more interesting. Every major technical innovation seems to go through a cycle of central production and operation, then central production and local operation and finally local production and local operation.

The reasons for this are partly economic but are strongly social. Take transport for example: at the lowest level of technology, individuals produced their own horses and operated them. Then the railway was invented and centrally produced engines ran to centrally operated time-tables; economically very attractive, but not convenient enough—hence the enormous popularity of the car—centrally produced, but locally operated.

The latest moves in California to build custom designed cars locally show the continuing pressure for total local control. Video cassettes versus networked TV programmes are another powerful example of the demand for local control.

Big business

Much of our technology development, because it has been funded by big business or government, has been wittingly or unwittingly steered in the direction of central production and control — consider the recent controversy over CB radio which can bypass all sorts of "official channels."

Computers moved through the social cycle relatively rapidly. Initially, they were too expensive for any form of local control. Distributed processing helped but then came the micro which gave rise to a huge increase in local operation. The Apple computer's amazing success is partly due to the fact that it allows users to change their hardware as well as their software.

Where does viewdata sit on the three dimensions — economic, social and technological?

At present, it is coming of age economically, it is socially embryonic and, technologically, it is in its infancy.

These judgements can be put into perspective by examining current thinking on viewdata's true purpose.

● **Economically "coming of age":** Viewdata is now considered to be a transaction system, rather than just an information system. This allows people to shop at home, bank, and make reservations at home. Hence, it is a fully distributed system where the individual keys in his own transactions and so saves the bank, the shop, the airline time and money.

Local control

The system may do little to improve the consumer's local control and he may therefore decide that it is not worthwhile, particularly if he has to pay for the home terminal.

This issue is now being recognised and there are several viewdata systems being developed which plan to provide a free home terminal, funded from advertising revenues, telephone directory replacement or transaction / information providers' fees.

PTT's and, indeed, private operators of videotex systems can, of course, capture a share of the transaction processing market not only by providing free or inexpensive videotex terminals—they can offer very cheap modems or they can offer special network tariffs for viewdata users.

Which ever method they use, they are all trying to achieve a critical mass of users which will encourage transaction and in-

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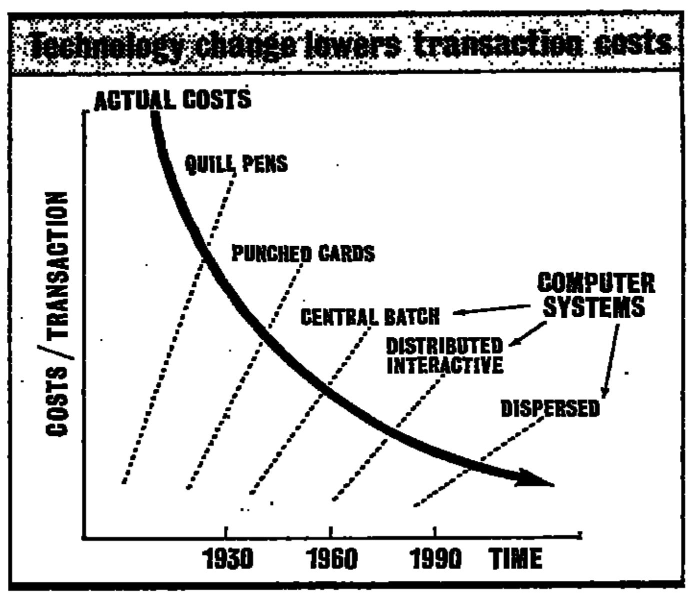
Technology change lowers transaction costs



Surge in home information services

THE HOME was the original target for the viewdata marketeers. The whole concept turned on the easy availability of two *domestic electronic devices, the* television set and the telephone. The first *edition* of the viewdata listing included information packages such as "Buying a Car," "An Evening Out" and "Looking for a Job"—a little prescient, that one.

It all seemed so obvious; the public would leap at the possibility of access to accurate information in their own homes and on their own television *screens*

In practice, the early results from Prestel marketing have been desperately disappointing. Of the 12,120 registered Prestel *sets in the UK, according to* British Telecom's latest figures, *only* 1,771 are registered with genuine domestic users.

Why should this be? Why should a system described by its inventor Sam Fedida and the respected computer journalist, Rex Malik, as: "a major new medium, one comparable with print, radio and television" *(The Viewdata Revolution,* 1979), have failed so dismally to have captured *the* public imagination?

There are a number of reasons for this state of affairs.

Certainly, British Telecom *began with a wrong marketing* strategy which led to an *embarrassingly* late switch from an emphasis on domestic viewdata to an equally enthusiastic emphasis on the business variety.

But it is also true that the public remains ill-informed about the value of information —and of the need to pay for *it!*

One view is that an appreci*ation of the value of informa*tion provided through viewdata will spread to the home from business use by a kind of osmosis.

Executives used to receiving information from their office viewdata set would eventually demand the same facility at home.

A significantly different approach *has been taken by the* London consultancy, Butler Cox *and Partners,* which specialises in viewdata and office automation.

Mr Tim Chapman, a senior consultant with Butler Cox, recently put forward a scheme which he claims could lead to 200,000 residential Prestel users within 18 months.

His argument derives from studies carried out in the Butler Cox "Videotex Report Series" research programme.

His proposal is based on four key assumptions:

- That the unit cost of manufacturing 100,000 devices *which can be attached to tele*vision sets to render them able to receive Prestel transmissions is under £100, (equivalent to a rental of £2 a month).
- At this price, 18 per cent of television owners could afford an adaptor—in round figures 2m potential residential users.
- Prestel is so easy to use that a cost effective way to sell to the residential market is to provide users with adaptors for a short period on a trial basis.
- The fact, supported by Prestel research, that Prestel usage is much higher in the first two to three months than subsequently.

So, Tim Chapman, argues, an *organisation—a consortium of* information providers, the *Department of Industry,* British Telecom or a TV supplier, should manufacture 100,000 adaptors and distribute them free of charge on a two month trial basis to 100,000 A/B homes.

The idea is that these trial users would pay for telephone and Prestel usage as well as frame accesses. At the end of the test period, the trialists would be offered a new adaptor for £100 (or £2 a month rent). The original adaptors would be moved on to another *100,000* trial homes.

Thus, Chapman concludes, at the end of a year:

- *600,000* homes would have been exposed to Prestel.
- 100,000 *trialists would* have been using Prestel for a year *at the high usage rates.*
- 100,000 new adaptors (18 per cent of 600,000) would have been placed permanently in the market.
- An average of 50,000 users in the year would have been *using Prestel at the lower, post* trial rates.

Take Tim *Chapman's prescrip*tion yearly until the Prestel innoculation gives rise to an epidemic, the argument runs.

Mr Chapman thinks the trial might cost £24m a year to be set against revenues generated of £18m a year in the first year. In the second year a profit of £4m would be generated when advertising and the like are taken *into* account.

Mr Chapman's idea is just one *of a number of notions which* have been put forward to improve the marketing of Prestel, but it has several attracive features—and it is clear hat drastic action is urgently needed.

There is no doubt that viewdata-type systems will make a massive impression in the home. The chief competition to Prestel, indeed, could be computer terminals specially designed for the home and able to receive a wide variety of information over a *telephone line.*

M Michael Aldrich, managing *director of* Rediffusion Computers, and a leading advocate of viewdata television sets, believes tha each home will have no less than *three* separate television screens by the end of the decade, some *for* entertainment and some *for information.*

The banks are already show*ing the way ahead here.* In the U.S., Citicorp, the world's biggest bank and Chemical Bank a major financial institution in the New York area are at the beginning of a trial of home banking technology based o[illegible] viewdata techniques.

Citicorp has designed its own *special banking terminal which* will give its customers access to *its computer files (or a copy* of them) and enable them to pay bills, check statements and so on from home. Chemical Bank is using a modified version of the Atari home computer, a device built originally for playing video games.

It will not allow its customers direct access to its main computer files but only to a copy held on a separate computer system and updated daily.

In Europe the best known example is the tony Verbraucher Bank of Hamburg which set up a home banking trial using *Prestel* technology an[illegible] gained so much prestige an[illegible] *so many customers, it seem[illegible]* that other, much more pres*tigious* German banks hav[illegible] been forced to follow suit.

A CASE STUDY: HOW VIEWDATA IS HELPING BRITAIN'S CAR DEALERS

Valuable aid in stock location

WHEN BL first decided in 1979 *to link all its 1,700 UK dealers* to its main computer centre at *Redditch, one of the dealers it* approached to take part in a *trial scheme said bluntly that* it would not work.

The *reasons* advanced by the dealer, a large and fierce Glaswegian, boiled down to the fact that he thought the system—aimed initially at allowing dealers to locate any BL car held in stock at other dealers throughout the country—did not offer any particular advantage over informal contacts through the telephone system.

At the time he was approached, however, he happened to be looking for a particular version of an Austin Allegro. Mr Geoff Hutt, an expert with BL Systems (the BL subsidiary handling computers and communications) who was setting up the trial, offered to try to find one, using the new system.

Just five miles away, in another showroom, sat the vehicle he was looking for—and the computer also established that it was the only one in stock, anywhere.

The Glasgow dealer, who had a potential buyer, had already been told by the dealer stocking it that he didn't have one, because he thought he could sell it himself without too much of a problem . . .

"The point of the story," recalls Mr Hutt, "is that with the computer system a dealer can no longer 'hide' stock, even *if his centre is not yet connected* to the system. Some dealers do *hold on to stock for various* reasons—there are, for example, *lots of new MGs up on blocks* for investment purposes.

"*But if the reasons are not* good ones, and a sale is being *held up which could be made* elsewhere, BL can rightly put pressure on a dealer to supply the vehicle."

BL intends that, by the end of next year, all its dealers will be *duly* hooked up to the system. Some 300 dealers have been connected so *far,* to a system which consists of Philips Business *Equipment* viewdata terminals, linked by privately rented telephone *lines to* Redditch. To avoid high tele*phone costs being incurred by* dealers far from Redditch, relay *stations are being set up in the* main regional cities.

The stock location system—called, unsurprisingly, Stocklator—represents only the first phase of what is expected to be a comprehensive two-way communications system between BL and its dealer network. It is envisaged that BL will be able to use *it to seek* a wide variety of information from the entire network, or from an *individual* dealer.

For their part, dealers should be able to call up a large body of information for a customer in the showroom, such as prices, specifications and even motoring press appraisals, apart from *being able to tell a customer on* the spot how quickly he can get a particular car not in his stock.

It also becomes the obvious medium for dealers' orders, and is expected to cut both BL's and dealers' operating costs by handling much of the paperwork associated with the transfer of vehicles from the factory gate to showrooms.

Of key importance, however, a direct order input to the Redditch computer opens up the prospect of a much improved moving picture of how many cars dealers want and of what types. This in turn is expected to improve factory response times to changes in the level and type of market demand. This is highly important, because it takes some time to turn off the production "pipeline." The suddenness of the downturn in the new car market last year, for example, quickly led to over-stocking.

BL is not alone in movi[illegible] down the viewdata road. VA[illegible] (Volkswagen/Audi) already h[illegible] a computerised system whi[illegible] is linked in turn to hea[illegible] quarters in West German[illegible] Talbot has also just begun [illegible] three-month trial of a simil[illegible] system with 19 dealers, and i[illegible] tends to have its 600-plus ne[illegible] work connected by the end [illegible] next year.

Talbot's system, called Vita (Viewdata from Talbot), wil[illegible] allow users to communicat[illegible] with each other and the com[illegible] pany, as is the case with th[illegible] BL system; offer a marketir[illegible] information system, a sto[illegible] location facility covering ne[illegible] and a used cars location facili[illegible] and an order status che[illegible] Again, the system on trial n[illegible] is expected to be extended [illegible] cover car and parts orders.

Within the next two or th[illegible] years, all major manufactur[illegible] are expected to have follov[illegible] suit.

Future trends

CONTINUED FROM PREVIOUS PAGE

formation providers to offer their services and to *create* a virtuous circle.

This seems likely *to* be achieved during the next five years with initial success being at the business end, where transaction rates per terminal are far higher, than at the domestic end.

- **Socially embryonic:** Once *people are responsible for key*ing in their own banking transactions, it would be quite feasible for their bank accounts to be maintained on their own home computer.

Each person would then allow the bank to access his databank to check that it is using the right amount of his assets. It needs to do this to ensure that its real service, ie lending money, is being carried out with*in* the limits set by the government.

Individuals could even invite banks to bid for their custom by inspecting their transaction records.

Similarly, home computers could keep a record of individuals' food purchases and selected retailers or wholesalers would have the privilege of accessing their databank and supplying their regular needs.

The ultimate form of local operation or fully dispersed *system, apart from a brain trans*plant containing a bio-genetic banking system, can be seen in the so-called "smart card." A credit card containing a microprocessor is under trial which can record all your banking transactions and keep a running balance—a home computer in *your pocket. If you connect such* a card occasionally to a home computer and you have all your banking records under your own control.

It is very important not to confuse the operations which systems perform because of economies of scale and the *operations which* are necessary for control purposes.

- **Technologically, in its infancy:** The hardware technology of viewdata is not particularly sophisticated by most computer standards. TV sets and telephones have been around for a good while; the decod[illegible] [illegible] modems are hardly at the forefront of micro *technology.*

Apart from its potential cheapness, the key to viewdata's success is its ability to suppress complexity. A wide range of existing and new information and transaction services can be made available to the mass market by using viewdata protocols.

- **Prospects by 1990?** The rate of change and complex interrelationships of the key variables makes forecasting of the viewdata scene difficult, to say the least. The technological changes are fascinating. Cheap printers, graphics terminals, light pens, voice response, voice-recognition, digitised voice are emerging; they will *all* add important new functions to systems for the mass user. *The economic* pressures for reduced administrative, trans*port and other costs* and more efficient decision-making, which force distributed and dispersed processing, are likely to continue unabated.

The most difficult area to forecast is the social one.

Will people want to press buttons to do new tasks which may not give them immediate feedback?

There is ample evidence that such disparate systems as computer games and home security systems do provide the right *feedback,* despite the fact that, in both cases, a hard economic case is *difficult, if not* impossible, to make.

The critical issues over the next few years are going to be concerned with balancing these psychological factors with purely economic/technological trade-offs.

Market research and development are factors which will need much more attention than *they have received to date,* or the industry will continue to be accused of *conjuring* up solutions for as yet ill-defined problems.

The forces gathered around the viewdata/teletext/cabletex market-place carry enormous clout and one can confidently see widespread use of mass real-time systems in the late 1980s and early 1990s.

Much potential in education and training

WHEN NEW technologies come along and offer promising advantages to society, a number of common hurdles usually have to be cleared before success can be claimed.

First is the need to communicate to potential users exactly and convincingly what the new technology can do and why it offers advantages.

Second is the requirement for customer feedback, especially in specialist applications, so that the new technology can be quickly adapted in the light of user experience.

Third—obvious, but a trifle neglected—is the necessity to achieve customer support before cash and enthusiasm run out.

The scenario will seem uncomfortably familiar to the viewdata and teletext industry. In terms of using these two technologies in education and training, the scenario is verging on the futuristic.

Educationalists could have enormous benefits from viewdata and teletext, and there is no shortage of trail blazers pushing the concept. In Britain, Prestel has a number of educational Information Providers, and various projects have been started to exploit the technology. But the amount of data available on Prestel of direct relevance to teachers and pupils is—at present—far too little to get excited about.

Methods

Indeed, there are only a handful of IP's supplying Prestel pages specifically intended for education—notably led by the Council of Educational Technology, which is offering pages on educational methods, equipment, qualifications and more general information.

The council is also heavily involved in viewdata through other activities, such as a two year trial for telesoftware—the system whereby computer programmes can be transferred, via Prestel (or even teletext), to secondary microcumputers at the TV user's end; thus, a new network in the provision of educational computer programmes will become available (supported initially by about 25 institutions in the UK).

Brighton Polytechnic are running a similar experiment on BBC's Ceefax teletext service.

But the availability of educational material on Prestel has been one cause for concern at the CET. In the course of a one-year trial on using Prestel in education, "it was generally considered that the information available on Prestel is not relevant to the teaching of most subject areas, although there are notable exceptions"—which is a pity, because there was general agreement in the trial that Prestel highly motivated pupils and students, regardless of age or ability.

Taking the opening scenario of this article in examining the hurdles which face new technologies, there is a long way to go in education before the advantages of videotex will be widely understood, although the CET are doing much and in trials such as that described they are certainly obtaining the "customer feedback." It is that third hurdle—customer support before the cash and enthusiasm run out—which poses the real threat to development.

Education authorities, even if they meet the capital cost of supplying Prestel sets, may be justifiably nervous about the size of operating bills they will receive. CET found in its own trials an average annual cost of £200—but that could easily get out of control when open telephone lines to a computer are involved.

Yet the bigger economic problem is the provision of incentives to Information Providers so that they will supply material of direct value to educational users. With so small a market—218 at the last count—who is going to make a viable business out of selling educational information?

No surprise, then, that in the October 1981 Prestel Business Directory, the subject entries under Education list—apart from CET and its Scottish counterpart—only three others (one an advertising service and another specialising in science has since withdrawn from Prestel).

But this particular list is incomplete anyway because a few others—such as the Advisory Centre for Education and Middlesex Polytechnic—are listed in another section of the Directory as Information Providers.

Herein lies one of Prestel's other problems. If the printed paper index (viz the Prestel Business Directory) is intended to be a quick signpost for users, it misleads by creating the impression that the whole subject data base is the one that is indexed—which is clearly isn't.

Even with the Prestel computer, there are difficulties with indexing—a point stressed by the CET, who found in their own study that "there is a general feeling that . . . there is a lot of information available of which the user is unaware." Efficient indexes in this situation, with extensive cross-referencing, are vital.

Nonetheless, CET produced their own Trial Curriculum Index, demonstrating that hidden somewhere in the bowels of the byte bureau is Prestel information of value to educational users but not promoted as such. The CET Index thus covers Ancient Monuments, on to subjects such as Arithmetic, Astronomy and right through to Surveying, Textiles and Weather.

Perhaps educational Prestel needs a financial boost such as that announced earlier this year for computers in schools: the Department of Industry is providing grants in a scheme which aims to see every school in the UK equipped with a minicomputer by end 1982. Add to that a Prestel terminal and a learning revolution might be instigated.

In the meanwhile, various isolated projects are surfacing to demonstrate the versatility of videotex in education—such as NE London Polytechnic's guide to courses, and Job Tel's service for the educated and trained who are seeking employment. And for those who interpret education in a more catholic way, 40 Prestel terminals are being installed (at Government expense) in public places in Brighton, Gateshead and Kingston-upon-Thames to test public use of the information services on offer. Most existing users are in the business community and this is a welcome opportunity to bring others in.

Applications

At least the domination of business applications in Prestel should guarantee that industrial training applications should proliferate. They do not. Indeed, anyone looking up Training in the printed Prestel Business Directory will find it merely cross refers to Education—although adding another heading on Training Films which gives the names of two distributors.

The only significant Information Provider on training apart from those offering films appears to be the Health and Safety Executive—which is providing hundreds of pages on industrial safety, legislation, films, health and safety enforcement procedures and so on.

But perhaps one should turn to Prestel's own electronic indexes for further signposting, because the paper printed subject guide also fails to list under Training the IP services of the Institute of Personnel Management, the Council for National Academic Awards, the Distributive Industry Training Board, the Executive Fitness Newsletter, ICL Training (for computers) and quite a few more.

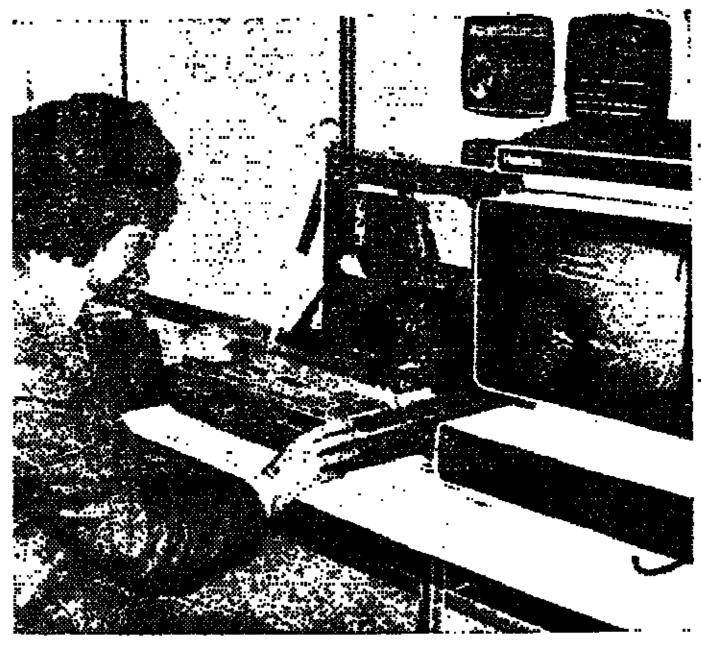
It underlines the importance of exhaustive indexing, especially for those who have yet to be convinced into buying a set and turn to old-fashioned paper and print to see what's on offer.

Maybe Prestel and teletext are only the tip of the iceberg for training, anyway. Once the television set is installed, various other electronic information services can be utilised—such as the Open University's Cyclops system, which allows drawing and writing direct on to a TV screen—thereafter transmitted via telephone lines to distant receivers; field trials of this are now under way.

A British company, Screen Electronics, has produced a TV character generator which can handle Arabic text composition, a must to export trainers perhaps. And another UK company—Clarke and Smith—have made the visual display on Prestel unnecessary for blind users with their braille terminal; this "displays" the Prestel data by raising pins on a touch platen and promises to be of crucial importance in the education and training of blind people who are not very mobile.

Such is the quintessence of videotex as an education and training tool. It eliminates the need for mobility in accessing information. Although the possession of knowledge may be less important than knowing where to find it, one rarely has the time to search. Videotex solves that problem, too.

John Chittock



Prestel helps the blind to keep in touch

A RECENT British invention has enabled Gary Robinson not only to carry out his job as a computer programmer but also to gain access to the largest public computer information systems in the world—Prestel. For 27-year-old Gary is completely blind and relies totally on braille in his daily work at the Department of the Environment's Computer Centre at Hastings.

The invention, a joint collaboration between British Telecom's Research Department and Clarke and Smith is a braille terminal which enables text and figures on a TV screen to be translated into braille.

Teletext begins to create a stronger image

IF VIEWDATA is television's equivalent of the printed encyclopedia, teletext is the electronic version of the popular newspaper and magazine. It conveys a mixture of the perishable and the superficial, the topical and the trendy.

Teletext reaches (and depends upon) a mass audience and because of its limitations on "space" it can rarely cover subjects in great depth. But it also contains a hard core of very useful information, and is especially good on current affairs.

There, perhaps, the analogy ends. Teletext, in Britain at least, is in the realms of public service broadcasting (albeit now supported by advertising on ITV). Viewdata depends on the user wanting the information badly enough to pay for it whenever accessed. And because teletext is linked to the broadcast television services, technically as well as editorially, it has some operational limitations.

The most significant of these is the capacity of the system. Teletext signals are transmitted as part of the normal TV transmissions, utilising some of the broadcast information not required for picture display; it is an example of technology squeezing more out of an existing resource to service a secondary application.

However, this means that the broadcast capacity for carrying teletext "pages" is severely limited on the present system. The pages are effectively presented as components in a carousel—and when the viewer calls up any particular page, there is a delay until that particular page comes round and is held for display. Putting more pages into the carousel has meant longer waiting time to reach any specific page number; and the capacity of the carousel is limited anyway.

Recent developments in British teletext have yielded some improvement. The ITV Oracle service has now halved the waiting time to an average of 15 seconds; BBC's Ceefax now claim a similar 50 per cent reduction to only 7½ seconds.

These improvements arise because the Home Office has allowed the broadcasters to utilise two more lines of the unused television picture information. In parallel with this, BBC's Research Department have revealed a new decoder which will allow a much clearer and aesthetically acceptable typeface to be employed (resembling Helvetica Medium).

Rivalry

The technical quest for improving the legibility, usefulness and versatility of teletext is closely related to the international rivalry now surrounding videotex. The British—with the Prestel viewdata system and the broadcast teletext services of BBC and ITV—are using technologies with which some of the rival systems are not compatible. Built into the technical arguments are the delicate equations which balance economic advantages against technical sophistication—and a great deal of politics besmirching the rational discussion.

The Canadians (with Telidon) and the French (with Antiope) are main contenders, and at stake is an important export market for the suppliers of both hardware and software. One of the main battlegrounds is the U.S., where the Federal Communications Commission has just refused a request by the UK to adopt a national teletext standard. The war will now be fought in the market place (and no doubt also in the corridors of power) with Britain arguably in a stronger position because Ceefax and Oracle (as well as the Prestel viewdata system) are genuinely well-ahead of any other country in terms of everyday operating experience; the UK systems have long passed the era of field trials, which is where the French, Canadians, Americans, Japanese and many others still tend to be placed.

British teletext is also in use in a number of other countries, such as Holland, Austria and Sweden. But exponents of Antiope and Telidon claim technical superiority, with scope for more versatile graphics on the system. Nonetheless, although some engineers may confirm that view, improvements in the British system may be narrowing the theoretical advantages of their rivals.

The wrangle over technical standards is, perhaps, unfortunate at this crucial stage in this new medium because it has diverted attention from the social, business and leisure potential of teletext (and, indeed, of viewdata). As teletext has gathered operating experience in Britain, so too has the editorial input been refined and improved. It goes beyond the transmission of news flashes and weather reports.

Contract

For example, ITV have now started to sell advertising space on Oracle. First major contract is with Sony (UK) who have signed up for one year. The Sony pages will be used to promote television and video equipment, which makes sense with so many TV retailers displaying telextext in their shop windows. In the U.S., an experiment with teletext for sending educational material to schools is being conducted in California. Australia is providing punters with racing odds constantly updated. And early this year, Pye of Cambridge used Oracle to run a "spot-the-ball" competition.

Yet there are more serious and interesting applications for teletext which transcend fast media coverage and the leisure page mentality. Services for the deaf are perhaps the most important, through which normal TV broadcasts can provide teletext sub-titling to programmes without imposing these upon other viewers (i.e. the sub-titles are only seen superimposed when called up on a teletext receiver). Both ITV and the

CONTINUED ON NEXT PAGE

VIEWDATA VI

Focus on the information providers

Fundamental changes in the market

THOSE WHO sell or supply information through viewdata are now reacting to four quite fundamental changes in the market-place:

- The switch late last year by British Telecom to marketing Prestel to the business rather than to the residential community;
- The Prestel receiver set population, which has climbed only slowly to its present level of around 13,000 — in contrast to earlier and more optimistic predictions;
- The imminent development of the "gateway" the technique which enables Prestel and other viewdata systems to draw information from and transmit information to other non-viewdata computers (so-called "third party databases");
- The emergence of a significant number of private viewdata systems for in-house company use.

These factors add up to a substantially different marketplace than that predicted some three years ago when Prestel first made its formal debut. Predictions then were for a rapid development of a new mass market in the home, with hundreds of thousands of adapted TV sets offering a new world of consumer publishing and services.

Predictions

That world has simply not materialised, at least not in the UK. In Germany, the U.S., Canada and elsewhere there are still those confidently predicting that it will in their country, and that somehow the UK has missed the boat. Others see the UK as a salutary lesson in the conservatism of the general public—especially when it comes to paying new and unfamiliar bills for a new and unfamiliar commodity called impersonally "information."

As late as January this year a Government-sponsored industry-wide conference was still predicting 50,000 Prestel sets in use by the end of 1981. But the brute fact is that it is not easy to introduce new information systems, even into business let alone the home.

As a consequence several major participants in the early years of Prestel, and a number of minor ones, have recently pulled out, having entered the experiment on what turns out to be the wrong premise. Two companies providing sports news and results, Sportsdata and Extel Sports, are the most notable examples. They saw a new market opening up in the direct retailing to the public of sports information, in addition to the traditional wholesaling function to newspapers, radio and TV. But that has not happened at least not yet.

The other notable withdrawal has been Eastern Counties Newspapers of Norwich, which had been an early enthusiast but again was dependent on the emergence of a strong consumer market. It has recently cut its Prestel operations staff by a large proportion. It is also fair to say that many other regional newspaper groups, which after some hesitation joined Prestel on the grounds that if it worked it would be a threat to their traditional readerships and sources of advertising revenues, have reduced their effort.

Defensive

This has not been entirely unwelcome to some of them since their motive had often been defensive in the first place. But it does mean, overall, that Prestel has not emerged as the "new publishing medium" once predicted, and which was the justification for the British Telecom policy of treating Prestel as a "common carrier" enabling anyone to publish anything permitted by law of the land.

It would not be surprising if the common carrier policy came under review. If this led to changes in the policy it would obviously have profound effects on any organisation providing or contemplating providing information through that means.

But for the moment the effect of the changes has been to deliver Prestel (a) into the hands of business and (b) into the hands of the data processing department: that is, a quite different community of information specialists than originally envisaged. This in turn has led to the type of feasibility studies normal in computer planning; namely, is viewdata an attractive alternative to other DP systems, or indeed to other non-computer solutions to the business problem, such as fiche or video? If it is, what type of viewdata, public or private, is most suitable for the particular application?

Thus there has already emerged in the UK a fragmented viewdata scene, with private viewdata systems replacing the public system for certain applications (and likely to do so more and more) while retaining compatibility with Prestel and the option to link it.

Thus the running in the development of viewdata, both private and public, is increasingly being made by banks, airlines, credit card companies, travel and tour operators and other organisations whose basic motive is to use viewdata as a marketing tool for their respective services. This echoes experience in, for example, West Germany, where banks and mail order houses in particular have been prominent in implementing the gateway principle.

Such German organisations as the Deutsche Bank, the Verbraucher Bank, Otto Versand and Quelle have become object lessons to their UK counterparts in banking and mail order of how viewdata can be harnessed to a new style of marketing where the consumer can converse in direct dialogue with the company's main computer, asking for his bank statement, arranging a loan, or making a mail-order purchase (if that is still the right phrase).

Thus on present trends the information providers to viewdata, public and private, look like being a different breed from what was originally expected—not so much the publishing organisations as the marketing organisations. The accompanying tables show, first the organisations which earlier this year put their names forward as possible users of the Prestel gateway facility, scheduled to come live from March 1982 onward (this list may of course change between now and March): and second, the organisations which in the UK have invested in private viewdata systems (the list is not claimed to be complete).

The tables show clearly how viewdata is tending to become a branch of the computer development programme of larger corporations, attracted by some of the basic virtues of viewdata. These, it should be noted, have remained unchallenged despite all the revisions of strategy.

These virtues are that the screen is simple and easy to use, unfrightening to the average user uninitiated in the more arcane aspects of computer language: and that with suitable software the viewdata terminal can "talk" to any make of computer, thus making it a leading contender for that holy grail of computing, the cheap universal terminal with cheap telecommunications costs.

The one area where Prestel (and perhaps private viewdata systems also) do seem set to become a new publishing medium is in business information. While the genre is still too young to claim established patterns or businesses, there have emerged a number of information providers specialising in, for example, commodity prices (such as InterCommodities), foreign exchange (Fintel, in collaboration with banks such as Guinness Mahon, and Marine Midland), and company financial comparisons (ICC Business Ratios).

This area, plus the solid penetration of Prestel into the travel industry, are perhaps the most encouraging features of the public system at the moment. But the radical change in the outlook for viewdata in the UK over the last three years shows what can happen when a new technology is thrust into an untried marketplace. For information providers it has been a sobering lesson that entry into the new era of electronic information is neither simple nor cheap and that the competition within it comes from quite new and unexpected quarters.

Rex Winsbury

PRESTEL 'GATEWAY' ORGANISATIONS

'Gateway' is the technology necessary to link the viewdata terminal and viewdata computer to large mainframe computers and to the large computer files of information held on them.

Company	Nature of business
Friends Provident Life	Insurance company
Baric	Computer bureau
Aregon/Mills & Allen	Communications and computer company
Fintel/UCSL	Business information and computer bureau
Barclays	Bank
Horizon	Tour operator
European Ferries	Ferry operators
Thomas Cook	Travel agent
Thompson Holidays	Tour operator
BL	Motor manufacturers
American Express	Credit card company
Hatfield Polytechnic	Education institution

ORGANISATIONS USING PRIVATE VIEWDATA SYSTEMS

Name of organisation	System
AGE	IVS-3
Allied Breweries	Viewdata Plus
American Express	Viewdata Plus
Anglia Time Sharing Services	Viewdata Plus
Barclays Bank	Viewdata Plus
Baric	ME-29
Beaufort Computer Services	Viewdata Plus
BL Cars	IVS-3
Citibank	Viewdata Plus
Computer Management Group	Viewdata Plus
Co-op Bank	Viewdata Plus
Ford UK	Viewdata Plus
Granada TV	Viewdata Plus
Horizon	Viewdata Plus
Howson Algraphy	Incotel
Honeywell	Incotel
Herts DC	ME-29
ITT	Incotel
ICCH	Viewdata Plus
Lothian Regional Health Board	Incotel
Media Facilities	Incotel
Photo Advertising (Ireland)	Viewdata Plus
Stock Exchange	Modcamp
Thomas Cook	IVS-3
Thompson Holidays	Viewdata Plus
Talbot Motors	Viewdata Plus
Trustee Savings Bank	Viewdata Plus
Thorn EMI	Incotel
Unilever	IVS-3
Western Trust and Savings	Viewdata Plus
Whitbread Breweries	GEC

Teletext image

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BBC have been conducting trials as part of the regular teletext services, as well as running special pages of information for deaf viewers.

Socially, this means a dramatic new lease of life for the 200,000 of the UK population who are too deaf to hear television even with amplification aids. Developments at both BBC and ITV are moving towards faster transcription services—such as those used for verbatim sub-titling of the Royal Wedding TV commentaries.

Another development is "telesoftware," which is a method of sending to specially equipped teletext receivers simple computer programmes. These allow the viewer to enjoy an interactive role with the data called up—such as for making calculations or participating in programmed learning exercises.

Teletext, like viewdata, has been slow in finding public acceptance. But the situation is now changing, perhaps substantially. The promotional efforts in UK last month, designated National Teletext Month, have helped; but so too has recent government retail legislation which has permitted only a 10 per cent hire purchase downpayment on TV sets equipped with teletext (against 20 per cent for conventional sets).

By the end of this year, over 300,000 teletext sets will be in public use; by end 1982, about 700,000. For the TV rental business, teletext now accounts for over 30 per cent of new business and for the set manufacturers it is slowly becoming a standard built-in consumer attraction. It may not do for broadcasting what Bingo has done for the popular press; but with cookery and gardening notes, spot-the-ball competitions and now even advertising, it may do to the popular press what television news has done over the last 25 years—erode just another part of its raison d'être.

John Chittock

Here and on the following page, FT writers examine international developments in videotex systems

German system now on test in Dusseldorf and Berlin

[TH]E GERMAN videotex-system [Bi]ldschirmtext has been on test [in] two public trials in the cities [of] Düsseldorf and Berlin since [th]e beginning of June 1980. [T]he trials are sponsored by two [of] the Länder (or states), [N]orth-Rhine-Westphalia and [B]erlin, in co-operation with the [D]eutsche Bundespost (German [P]ost Office). The legal basis [fo]r the trials is provided by [s]pecial laws passed by these Länder.

General introduction of Bildschirmtext is scheduled for the fourth quarter of 1983, according to the Federal Government. Because of a constitutional legal conflict between the governments of the Länder and the Federal Government about the character of Bildschirmtext there might be some restrictions for certain kinds of information.

The trials cover 2,000 private households and 1,000 participants nominated by the information providers in each of the two trial areas. These are nearly exhausted. By the end of October there were:

- 7,500 sets connected (4,800 of them user sets);
- About 150,000 frames of information offered by 750 information providers.

Since the beginning of the trials there have been about 1m accesses to the Bildschirmtext centres at Düsseldorf and Berlin.

In addition to those 750 information providers already mentioned there are 700 more with permission to take part in the trials. They will start offering information to the public within the next few months.

The information providers are coming from all sectors of the economy, as the following list shows (per cent representation):

Newspaper publishers	8
Magazines and periodicals/book publishers	11
Broadcasting organisations/news agencies / other media	2
Trade and services	19
Banks / financial institutions / insurance companies	12
Travel agencies / tourist offices	10
Industry	12
Institutions/public facilities	12
Research institutes/educational institutions	7
Advising / advertising agencies	7

The costs incurred by the users as well as by the information providers for Bildschirmtext are relatively low compared to costs in other European countries.

The monthly basic rate for participation in the trials is DM 5 in addition to the usual telephone charge. Special installation charges are not incurred. For calls to the Bildschirmtext centre the charges applicable to local calls and calls made in the extended local telephone service (DM 0.23 per eight or 12 minutes) are payable.

There are no fees for computer usage. Further costs arise if information is retrieved for which the provider charges a fee. All participants in the trials received a purchasing licence enabling them to buy a colour TV set including the ancillary device for Bildschirmtext and Teletext (German name: Videotext) at the price of a standard TV set of the highest quality.

Market figures

The information provider has to procure his editing terminal himself. Depending on the degree of sophistication market prices from DM 4,500 upward are to be expected for this equipment. For calls to the Bildschirmtext centres the normal telephone charges are payable. There are no special charges for the usage of the Bildschirmtext centres and for the collection of the retrieval fees.

The market for Bildschirmtext is very difficult to predict, but the German Post Office is expecting 40,000 users by the end of 1983 (three months after the end of the trials), 150,000 by the end of 1984, 400,000 by the end of 1985 and 1m by the end of 1986. This last figure is believed to be the break-even point for the Post Office.

The forecast is considered realistic for the three reasons:

- Post Office and most other information providers are heading for the mass market:
- The connection of external computers (gateway) offers a whole range of new and *interesting applications;*
- The international standard helps to create a huge market for the set manufacturers in an early stage of the introduction of the new medium.

The German Post Office decided at a very early stage that the Bildschirmtext ought to become a mass medium. Nearly 80 per cent of all German households have a telephone, more than 90 per cent own at least one TV set. Bildschirmtext will thus be a very cheap and a very convenient way for the user to get information and for the information provider to edit information.

Even if the final fee structure of the Bildschirmtext service will not be decided about *before the middle of* 1982, the Post Office has already announced that Bildschirmtext will not cost more to the users than it did for the trials. For the information provides a frame, fee of DM 5 per year and centre his been mentioned, but a lower fee seems possible.

To make Bildschirmtext convenient to users and IPs the Post Office will soon place an order for the first group of Bildschirmtext centres. Three companies (IBM, GEC, SEL/ITT) are competing for this order. The Post Office declared that it will invest DM 500m in Bildschirmtext by the end of 1986.

When the medium is introduced in 1983 the new standard will be introduced too. This means that the set producers will be able to offer the "final" decoders to the users. No investment will be lost. The international standard allows for the set manufacturers to produce very large quantities of Bildschirmtext sets because their market will be all Western Europe. Those quantities will insure low prices for the users.

The last but probably most important achievement by the German Post office was the fact that it interested a whole lot of information providers for the new medium. Many of those IPs were especially attracted by the gateway, thus looking for the mass market too.

Even in the trial phase, the Bildschirmtext service offers a great variety of information ranging from news to archives and to products, services, holiday resorts and the like. References to the information offered are given in a magazine with coloured illustrations (Bildschirmtext Magazin fur Teleleser), which is distributed free of charge to the participants in the field trials every six weeks.

When the German Post Office bought the Prestel software from the British Post Office in 1977 there was no possibility of connecting external computers. This came two years later and was first tested by an information provider in 1980.

The gateway or computer interworking is an essential element in the Bildschirmtext. It is through this facility that Bildschirmtext, which is basically a mere information medium, becomes a reasonably priced means of access to remote data processing for everyone.

Applications

It is mainly this access to data bases of private organisations such as mail order firms, publishing houses, banks and insurance companies which opens up a wide range of additional applications. It allows for the users to place orders with mail order firms, which are acknowledged and booked on the spot, handle their bank account electronically, obtain information about account positions and transfer money.

Herr Eric Danke, Bildschirmtext project leader for the German Post Office, says "there is every indication that managing your bank account will become the strongest pillar of Bildschirmtext in the next years. In addition, it can be clearly recognised that subscribers consider Bildschirmtext a composite system rather than for use in particular cases. This proves that it was correct to design Bildschirmtext as an open data communication system capable of integrating various applications."

The first information provider offering the gateway to the user was Verbraucherbank in October 1980. It has more than 2,000 Bildschirmtext accounts today and is reported happy with this development. Verbraucherbank is thus running the world's biggest telebanking trial.

In all more than 40 companies have applied for gateway with Bundespost. Seventeen are already offering the connection to their own computers. These IPs are four banks (Verbraucherbank, Deutsche Bank, Bank für Gemeinwirtschaft, Stadtsparkasse Düsseldorf); four mail order houses (Quelle, Otto-Versand, Neckermann, Schwab-Versand); two computer service centres (AS, Rechenzentrum Neustadt, SRZ Rheinland), hardware producers (Siemens, Nixdorf, IBM, Philips), two travel agencies (TUI, NUR) and one agricultural organisation (Landwirtschaftskammer Schleswig-Holstein).

Dr Günter Götz

A change of emphasis in French plan

FOR VIDEOTEX in France, the question now is how far the Mitterrand regime will modify or depart from the ambitious policy towards *L'informatique* adopted by the previous regime. The development of a new information infrastructure for France, in the wake of the famous Nora report, was a pet scheme of former President Giscard d'Estaing.

President Mitterrand and his advisers are now caught, in this particular case, between a desire to free themselves from the inheritance of Giscard, and a frequently declared policy of their own to promote and enhance industrial research and development in France.

One significant step has already been taken with the "electronic telephone directory" experiment in the department of Ille-et-Vilaine is to be made voluntary rather than compulsory for the locals. That may mean that instead of the 300,000 terminals expected to be placed in this experiment, starting in 1982 or 1983, the figure may be revised downwards to perhaps 200,000—although clearly the whole matter is now far less easy to predict.

The significance of this is that the electronic telephone directory was to be (and of course still could be) the main weapon by which mass introduction of videotex-style terminals was to take place in France, by a state initiative. Provided the scheme worked in that department it was to be expanded over a decade or more to the rest of the country.

It was also to be the procurement order which would enable French industry to mass manufacture cheap videotex terminals, both for use at home and for export, notably to the U.S. All the various experiments with videotex in France were to be technically compatible with the telephone directory experiment and eventually would piggy-back on its mass penetration of receiver sets. Hence any modification of the directory programme could have substantial effect on the pace of the "informatisation" of French society and will be watched with interest by all operators of rival videotex systems.

There is also some evidence that in early trials the electronic directory has not been all that easy to use. While it was hardly *to be expected that it would be* got right first time, it is interesting that in a small sample test the main problem was found to be that of knowing the correct spelling of the person whose telephone number you are looking up. On a printed page you can scan very quickly across variant spellings of, say, Winsbury (Winbury? Winsburg? Winsley?) and quickly spot the right one. The computer is apt to demand to exact spelling of the name it has to search for, or else it cannot help you at all.

Free supply

Meanwhile the Teletel videotex trial has got underway in the Velizy and Versailles area outside Paris. Receiver sets *manufactured by Matra, Thomson* and Philips are being placed with up to 2,500 households. The sets are free of charge but usage has to be paid for. Among the organisations providing information are American Express, Citroen, local newspapers like Toutes Les Nouvelles de Versailles, various Ministries and the French Railways.

Two features of the Teletel trial will be watched with special interest. One is that it has been designed from the beginning to enable the Teletel central installation (at present comprising seven Honeywell minicomputers) to link direct to external computers, thus acting mainly as a switching device for information derived from a third party computer on its way to the user's terminal. The other is the progress of the so-called "smart card" or *Carte à memoire.*

Several hundred users will have these plastic cards, looking much like a credit card except that there is a micro-chip buried inside them. The idea is to shift the intelligence away from the central installation and towards the user. In particular the smart card is to be tried out for banking applications, where it identifies the user, keeps a record of his transactions and *enables him to order* cheque books and bank statements.

In due course (if the experiment works) the card will be a means to buy or sell goods up to a predetermined value allocated automatically by the bank to that card, and to authorise the transfer of funds from the holder's account to another. Thus it will be a big step towards electronic funds transfer and many banks both French and foreign are monitoring the experiment.

The same care is being used in point-of-sale experiments in other parts of France, including Lyon. Thus it is important to realise that the various experiments initiated under the old regime were part of a jigsaw that was eventually to fit together. So any tampering with even one piece by President Mitterrand could affect the whole picture.

Programme

But the announcement in November of a new 5-year videotex programme for French farmers suggests that the Mitterrand policy may be more one of change of emphasis rather than total revision. The new farm service is to have four elements: Telagri, containing management and technical information and teleshopping for agricultural products; Technitel, with advice and information on technical control of *crops and livestock;* Agrinfo, with weather projections, marketing and legal information; and Teleco-op, a special service for agricultural co-operatives.

Sixty farms in Loire Atlantique and Aveyron have been connected to the initial experiment. Banks and research centres specialising in agriculture are helping with the scheme. Significantly the experiment is claimed to serve as a model "for the establishment of similar videotex systems in agricultural communities in the U.S. and elsewhere in the world."

This emphasises the heavy export orientation of the French programme. French marketing is widely acknowledged to be first-class, and the ideas that lie behind their trials of videotex —including also tele-writing, tele-facsimile, and other features not yet formally launched —are exciting. What the French have yet to show is that they can be made to work in practice on a large scale and on a commercial basis.

Rex Winsbury

VIEWDATA VIII

Rediffusion Computer's System Alpha Model One terminal

VIDEOTEX SERVICES

WESTERN EUROPE

Country	Trial name	System operator	Transmission	No. of terminals
Austria	Bildschirmtext	ITT/Austrian PTT	Telephone	300
Denmk.	Teledata	ITT/Danish PTTs	Telephone	200
Finland	Telset	Helsingin Telset Oy	Telephone	260
France	Teletel	French DGT	Telephone	2,500
France	Annuaire Electronic	French DGT	Telephone	250,000
Italy	Videotel	SIP	Telephone	300
Netherlands	Viditel	Netherlands PTT	Telephone	2,000
Norway	Teledata	Norwegian Telecoms	Telephone	60
Spain		CTNE	Telephone	750
Sweden	DataVision	Swedish Telecommctsn.	Telephone	30
Switzerland	Videotex	Swiss PTT	Telephone	150
UK	Prestel	British Telecom	Telephone	12,000+
West G'rm'ny	Bildschirmtext	Bundespost	Telephone	5,000

SERVICES OUTSIDE EUROPE AND NORTH AMERICA

Country	Trial name	System operator	Transmission	No. of terminals
Brazil		Telesp	Telephone	1,500
Japan	Captain	NTT	Telephone	1,000
Japan	Hi-Ovis	VISDA	Fibre Optic	150+
Japan	CCISS	VISDA	Cable	350
Hong Kong	Viewdata	Hong Kong Telephone Co.	Telephone	
Venezuela		Central Office of Statistics and Informatics	Telephone	35

SERVICES IN THE U.S.

Name	System operator	Location	Transmission	No. of terminals
Source	*Readers Digest/* Telecomputing	*Subscribers in* the U.S., Canada and Europe	*Telephone/* Tymnet	*10,000+*
Compu-Serve	CIS	As above	Telephone	10,000+
Channel 2000	OCLC	Columbus	Telephone	200
View-tron	*AT & T and* Knight-Ridder	*Coral* Gables, Florida	*Telephone*	*260*
Indax	Cox Cable	San Diego	Cable	50
Pronto	Chemical Bank	New York	Cable	200
Telidon	Times Mirror Cable	Orange County	Cable	200

Source; Butler Cox and Partners, 26-30, Holborn Viaduct, London, EC1A 2BP.

Rival systems in the U.S.

AFTER A slow start, the U.S. has this year become an intensely competitive battleground between rival viewdata and teletext systems. The UK's Prestel, the French Teletel system and the Canadian Telidon system are all vying for customers in the potentially huge American market place for home information. Apart from competing with each other they are also competing against other, non-viewdata systems based on personal computers, cable, the telephone itself.

Thus the U.S. is rapidly becoming the proving ground both of viewdata itself, and of varying version of it. Easily the most significant event so far has been the entry of A T and T, the telephone giant, into the viewdata arena. Not only did it recently announce a technical standard to which it (and hence perhaps all American) viewdata plans might adhere; but last month it also formally announced a joint venture with CBS to set up a test trial of a viewdata system.

This test will cover 200 households in Ridgewod, New Jersey, and will be free to the users. The contents will be news, share prices, sports results, entertainment guides and — perhaps more significantly—shopping and banking services. CBS will be responsible for the information content and the advertising on the system. A T and T will look after the computer facility, telephone lines and receiver sets.

The role to be filled by CBS gets A T and T out of some of the political and regulatory *problems* that have in the past enmeshed it and prevented it from getting into the information, as opposed to the telephone, business. Only last July, the company had to cancel a proposed information service in Austin, Texas, for those *reasons.*

But A T and T has been involved in another viewdata trial in Florida, in conjunction with the Knight Ridder newspaper chain. The two partners plan to launch a full commercial service in 1983 for 5,000 *homes in* that state. Clearly the alliance with a major newspaper group on the one hand, and a major broadcasting conglomerate on the other, could in time put A T and T in a commanding position in both the U.S. and, by extension, the *world* viewdata market.

One reason for AT and T's withdrawal from *Austin* was objections from the Texas newspapers, in particular from the Belo Corporation, which owns the Dallas Morning News and has started its own viewdata service under the name Bison. This is offered at $10 a month, plus the cost of the terminal. Initially it has about 5,000 pages of information — rather limited by viewdata standards —deriving from the newspaper, the Associated Press newswire, airline schedules and regional events. Interestingly it is available over a local cable system.

Another trial due to *start* soon is in banking. First Bank System in Minneapolis St. Paul, will begin testing information and transactional services over the telephone lines. Using the name Firsthand, the system is based on the French Teletel technology, and will be its first actual use in the U.S., although its sister technology is being used in several teletext experiments. The Minneapolis Star-Tribune will contribute general information.

In Boston, a viewdata service based on the UK Prestel technology is just beginning, operated by Avco Corporation but owned and promoted by British Videotex and Teletext, the organisation set up to sell the UK version of the viewdata and teletext technology to the Americans. Commodity prices, *real estate and shipping will* be among the information areas.

What is however clear is that the majority of U.S. experiments so far concern the one-way broadcast mode of teletext. Here there is hot competition between the three contenders. For example, the Field Enterprises station in Chicago uses the British Ceefax system for its teletext transmissions. CBS has been using the French Antiope teletext system. A new test in Washington DC, sponsored by the Corporation for Public Broadcasting and others, uses the Canadian Telidon technology. The examples could be multiplied.

But in the longer term it may be banking where the future of home information systems is really determined. The drive to enable banking transactions to take place at the shop or from the home is now very strong in the U.S., and various brands of technology are under trial to achieve that objective.

Rex Winsbury

Surveys in the FT on new technology

Early next year FT surveys will be examining important developments in the area of computer-based technologies.

Computers

Despite the world recession, the computer industry continues to expand rapidly as an ever-widening range of uses is found for its products. Computer power is being applied in the office, the factory and the home to perform existing tasks more efficiently and to provide new services which were not available even a decade ago.

Satellites

Satellites are attracting increasing commercial interest as a versatile means of transmitting both communications and broadcast signals over long distances and large areas. They are expected to play a key role in the emerging "information revolution" during the rest of *this* century.

Automated manufacturing

Manufacturing industry is *on the verge of a massive in*crease in productivity through a combination of computer-based technologies and robotics.

An encouraging year for Canadian projects

IN CANADA, viewdata—or videotex as it is more commonly called there—is synonymous with Telidon, the second generation, alpha-geometric videotex system.

For Telidon, 1981 has been a very good year both at home, where the beginnings of domestic videotex services can be seen in the commencement or announcement of numerous field trials and the start of the first commercial videotex service, "Grassroots," and abroad, where two major U.S. orders for Telidon by Time Inc., and the Times-Mirror Corporation, and the announcement of a Telidon-like standard by AT&T have made the Canadian videotex system the front-runner in the battle with its international rivals (Britain's Prestel and France's Antiope), for the all-important U.S. market.

Telidon is called a second-generation videotex system because it is based on a conceptual approach to the encoding and display of a videotex page that is entirely different from the first generation alphamosaic systems of Europe.

Each Telidon page is encoded in terms of "picture description instructions," a method of encoding, that is, common in the computer graphics industry, but heretofore unheard of in videotex.

The advantages of this *approach* are two-fold. First, it allows much better graphic images to be created and displayed—very important in the advertisement-oriented North American market-place—and, second, it takes less computer errors and less transmission time per page than the first-generation systems.

To understand developments in videotex in Canada it is necessary first to realise that the videotex industry in Canada has significant structural differences from its European counterparts. This is largely because the telephone companies, of which there are a multiplicity in Canada, are not involved in the storage and processing of videotex pages.

Instead, for both regulatory and pragmatic reasons, they are sticking to *their* traditional roles as common carriers, which means that instead of the European videotex triangle of terminal manufacturers, PTT, and information providers, the Canadian industry is more of a rectangle what are known as *system operators* (who run the videotex databases) as the additional component.

Within Canada, there has been a veritable flurry of videotex activity in 1981. Many of the provincial telephone companies began their field trials, this *year, including New Brunswick* Telephone Company in the Maritimes with Project Mercury; Alberta Government Telephone Company, in Western Canada, with its Vidon Project; and Bell Canada, in Ontario and Quebec, with the largest trial *to date—Vista, which is provid*ing more than 20,000 pages of consumer information to more than 500 users.

In addition, British Columbia Telephone Company and Saskatchewan Telephone are gearing-up for field trials in the *early 1981; Manitoba Telephone* System's Project Ida is entering its second year.

There is considerable debate among those interested in the success of videotex in Canada, as to whether field trials are the best vehicle for launching *the industry since, by defini*tion, a field trial involves no charge to users or information providers who participate, and, therefore, any statistics or research about the usage or usefulness of videotex coming from these trials is very suspect.

However, it seems to be procedurally impossible for a telephone company in Canada to become involved in a market trial, never mind a full public service, without first going through a field trial phase and, if nothing else, these trials do allow information providers to learn t[...]se *this new medium before* [...]eotex is unleashed on the ge[...]ral public.

One commercial, public[...]ervice has been started in Ca[...]da this year—"grassroots," an agribusiness videotex se[...]e, in which Infomart, a par[...]ship between two of [...]he largest publishers in Ca[...]a, Southam and Torstar.

The other significant vi[...]otex event in Canada in [...]1 was the annoucement of [...]e Federal Government's Teli[...]n industry investment stim[...]tion programme, (IISP).

This programme was dev[...] as the Canadian solution t[...] problem inherent in the st[...]up of videotex world-wide—[...] manufacture of enough u[...] terminals to start the mass p[...]duction cycle of increas[...] production and decreas[...] prices.

The IISP will offer, [...] approved participants, 6,0[...] terminals on the basis of o[...] terminal provided for one t[...]minal bought by the parti[...]pants, in effect halving [...] price of a videotex terminal [...] a stroke.

It is expected that *the initi[...]* momentum created by the IIS[...] will then continue through th[...] actions of the private secto[...] and, indeed, one terminal manu[...]facturer is already quotin[...] prices of $150 per terminal i[...] 1983, compared to $1,000 a ter[...]*minal* cost at the beginning o[...] 1981.

So it has been a busy year for videotex in Canada—but there have been developments south of the border, in the U.S., which are perhaps even more significant for the future *of the Telidon version of video*tex.

Firstly, two large American publishers decided to use Telidon: Time Inc. chose to use Telidon in its teletext services throughout the U.S. and it is suspected by many that Time *is hoping to position itself in* teletext through Telidon similarly to its market-dominating position in pay-TV, via Home Box Office.

And Times-Mirror Corporation opted for Telidon for its videotex service in Southern California. Times-Mirror has a long-standing reputation for making the right decisions at the right time concerning new technology and, therefore, its decision to go with Telidon will have considerable influence on other American publishers.

Martin Lane

SOME CANADIAN FIELD TRIALS

Name	System operator	Location	Transmission	No. of terminals
Telidon	Ontario Education Communicatns. Authority	Toronto	Broadcast and telephone	55
Ida	Manitoba Telephone System	South Headingley, Manitoba	Paired wires and coaxial cable	30
Mercury	New Brunswick Telephone Company	St. John, New Brunswick	Paired wires	75
Vista	Bell Canada	Toronto and Quebec City	Telephone	500
Isis	British Columbia Telephone	Vancouver	Telephone	150
Elie	Manitoba Telephone System	Elie and St. Eustache, Manitoba	Optical fibre	150
Telidon	Telecable Videotron	Montreal Quebec	Coaxial cable	250

THE PUBLIC TRANSPORT DEBATE

Ħigh fares, low fares, no fares . . .

By Lynton McLain, Transport Correspondent

TO SISE or not to subsidised if to subsidise, by how. This is the issue at the of the current case in the se of Lords between the :r London Council, whiccut London fares by 32 :ent, and Bromley Bort Council. Bromley arguccessfully in the Appurt that extra subsidiesondon Transport, the wasgest urban transport sysere illegal. The verdispected this week.

Ta debate which has ecill over Europe from Behere the council pays other cent of the cost of the system, to Rotterdam whe city pays 78 per cent.

Hansport authorities all of Continent have experimwith low fares, high faat fares, payroll taxes asch more. The most dr experiment was in where the city abolished altogether in an attempt to if it could entice ans into buses and off e traffic-choked streets. ra flop — there was no able fall in car traffic e scheme was abandoned.

, like every other major faces steadily-rising costs, uring the 1970s most e have been forced to increasing levels of . A London Transport s in 1971 showed that out of 34 public transport s in Europe and North a could operate without ies. Only one had a sub- more than 50 per cent ating costs.

1979 the picture had ed. A survey of 44 ors revealed that none able financially and that re relying on subsidies of than 50 per cent of total ting costs.

1979 London Transport ed only 25 per cent of perating costs from subsi-. The policy was to raise even if this drove passenaway from the system. But ur's GLC victory earlier year was followed by a 1. cut, of 32 per cent all. in London fares and writing-off of the £48.7m it forecast for this year. gap was to have been— may be—met with a plementary rate levied on Londoners.

London Transport, which year has an operating budget of £562m is allowed to keep its fares at present levels its passengers will generate only enough income to meet about 53 per cent of its operating costs. This would be roughly equivalent to the "average" figure that is now prevailing in the rest of the world, according to Mr Jeffrey Allen, finance director of London's 260-mile underground railway network.

His survey of 40 operators in 16 European countries and in North America suggests that local councils and governments are increasing their aid to urban transport, but that "the rate of increase has declined." Local authority support is levelling out at around 50 per cent of total costs.

It is true that in European terms London Transport can argue that it is something of a special case. It carries 5.5m passengers a day, more than any other system, in Europe. It operates 6,000 buses over 1,750 miles of route, 500 underground trains and 250 stations. It employs some 60,000 people in all.

But size is only one of the reasons for the problems facing public transport. There has been a steady fall in total passengers carried on almost all systems. This has been particularly marked in Britain. In 1955 buses and coaches accounted for 38 per cent of all passenger movements, but by 1980 they scarcely accounted for 10 per cent. Private transport—almost entirely the car—accounts for 82 per cent of total passenger movements.

Although this decline is mirrored elsewhere in Europe, the response to it in other cities has been very different. Paris, for example, has poured money into its bus and rail system, creating one of the most up-to-date, efficient and cheap public transport networks *in the* world. It is financed partly by a payroll levy on companies with offices in the city, which brings in FFr 1.15bn (about £100m) a year, and partly by the French Government and by local authorities. Two-thirds of the FFr 3bn annual loss (which is greater if the SNCF suburban railways are included) is borne by central government, one-third by the city of Paris and other local authorities.

But even in Paris there is concern about the mounting cost of the RATP, the rough equivalent of London Transport. M Claide Quin, the newly-appointed Communist chairman, is proposing that employers should pay staff directly for part of the cost of getting to work and he wants to raise the price of the popular Carte Orange, the cheap, monthly "go anywhere" ticket.

But there are cities in Europe where the number of passengers is on the increase. One of these is Hamburg where the Hamburger Verkehrsverbund (HVV) controls road, rail and waterway transport. In 1980 the system carried 436m passengers, far less than London's 1.742bn, but a 0.3 per cent increase on 1979.

Hamburg is the model for several other German cities and fares are kept low, rising on average by between 3 and 5 per cent a year. (By contrast London's fares rose between 1977 and 1980 by 107 per cent). The city's operating budget of some DM 690.7m (£159m) is subsidised by DM 242.1m. Half of this comes from the central government in Bonn, the rest from the provincial states served by the Hamburg system.

The Rome system provides another contrast. Here public transport is regarded as an integral part of the welfare state and although the "zero fare" experiment was scrapped the system is still heavily subsidised. This year passengers will contribute only L74bn (£31.8m) towards the total cost of L406bn.

The balance—some 81 per cent—of the operating costs of ATAC, the Rome system, comes from central government via the the commune of Rome. The Government, in turn, fixes the amount by which the subsidy shall rise. This year it allowed only a 12 per cent rise compared with an inflation rate of about 20 per cent which forced ATAC to double its flat fare of L100 (5p).

Even so, Rome travellers certainly get a bargain. The average passenger with a season ticket for one route who makes an average of 3.5 journey a day (home and back for lunch) has been paying only L40 or 2p a *journey*.

Mr Ken Livingstone, the leader of the GLC, has argued strongly that London needs to adopt a financing system somewhat similar to that which applies in Rome and elsewhere in Europe. This year, he says, London Transport is actually receiving a subsidy of £149m, which is 26.6 per cent less in real terms than in 1975.

Without extra finance, he says, it will be impossible to sustain the present system and large parts of it will have to be cut out or scaled back.

The problem is that it is hard to prove the case that lower fares actually make much difference to public transport use. South Yorkshire council has kept local bus fares stable for the past six years, but the result has been only a 6 per cent increase in passengers. London Transport's "Fare's Fair" scheme has so far also led to an increase in use of some 12 per cent, but that has to be set against a revenue loss of 32 per cent. Part of the reason for this, of course, is that London's transport system, unlike that in Paris or Hamburg, is still fragmented. British Rail, which brings 400.000 commuters into the capital each day, has been steadily raising commuter fares even as London Transport has cut them. In many cases, therefore, overall journey costs have not declined by an appreciable amount.

The use of the GLC as the source of funds for subsidies also, of course, raises a political problem in that it makes London ratepayers subsidise all those who use London Transport, many of whom do not pay London rates. Mr Livingstone has argued that this is not his fault and that the current fare-cutting policy is better *than* merely leaving London Transport with no option but to increase fares yet further.

Whatever the House of Lords verdict, it is clear that London Transport can continue to operate at its present size without infusions of extra money *from somewhere only if* it pushes fares up to levels which would almost certainly reduce the number of passengers even more.

Additional research by James Buxton in Rome; David White in Paris and Elgin Scroeder in Bonn.

In European terms, London Transport is something of a special case

PASSENGERS
(Users of urban public transport)

	1979 millions	change over 1975 %
UK	3,812	−10
Germany	2,141	+ 6
France	2,346	+17
Scandinavia	218	+ 5
Netherlands	238	+ 5
Belgium	226	+ 7

Source: London Transport

FARE SUBSIDIES

	Per head of population £ 1979	Farebox ratio* % 1975	1979
London	25	61	75
Frankfurt	30	45	50
Munich	30	77	52
Hamburg	19	75	67
Paris	68	45	44
Philadelphia	30	53	49
Barcelona	89	86	38
Stockholm	79	45	43
Rotterdam	47	31	28

* Farebox ratio is the proportion of total operating costs obtained from passenger fares. The balance is from subsidies.

Source: London Transport

Lombard

The costs of unemployment

By Max Wilkinson

WHAT IS the true cost to Britain of keeping 3m people on the dole? Two *recent* estimates suggest a figure slightly larger than the whole of this year's Public Sector Borrowing.

Although both calculations yielded a surprisingly similar result, the true significance of the figures is very much *in* dispute.

The Treasury, for example, refuses to put its name to any public estimate of the total cost of unemployment, although it made a very cautious attempt earlier this year to calculate the cost of 100,000 extra unemployed.

More recently, the Manpower Services Commission and the Institute of Fiscal Studies have produced their own figures which appear to show that the cost per person has been increasing rapidly—by about 50 per cent in the last two years—to an average of between £4,400 *and £4,500 a year.*

Only about a third of this total cost represents the benefits and other welfare payments received by the unemployed.

The main dispute centres on the significance of the remainder which is the cost of the income tax, national insurance contributions, and indirect *taxes which the Government* would have received if the unemployed had remained in work.

The Treasury says that guessing what people *would have* paid in tax is a very hypothetical business, since it depends on who they are, what type of jobs they might have had, and the general state of the economy.

In spite of this warning, the Institute has, in fact, estimated the total cost to the Exchequer of all the unemployed, which it says has risen from about £4.2bn in 1979-80 to £7.8bn last year and nearly £13bn this year.

These results will give ammunition for those who say that the Government should spend and borrow more to help reduce unemployment; they might crudely argue that the whole of the current borrowing requirement is caused by unemployment and would disappear, other things being equal, if *unemployment* were reduced.

However, since other things would not remain equal, it is probably more interesting to set the marginal cost of a change in unemployment against the known cost of creating new jobs.

At one end of this scale, the most recent report from the National Institute of Economic and Social Research estimates through its model of the economy, that a fiscal stimulus of £5bn could provide between 330,000 and 150,000 jobs after five years.

At best, that represents a public expenditure cost of £15,000 per extra job which could be achieved by increased public spending. But, if the stimulus was in the form of a tax cut, the cost per job would be £33,000.

These "costs" represent a once for all stimulus whereas the "savings" to the Government measured by *increased* tax revenues and smaller unemployment benefit would go on indefinitely.

These narrow arguments about costs and savings do not of course take into account the wider questions of monetary policy, interest rates and inflation.

However, last year, the Department of Industry estimates the cost per new job under the selective financial assistance scheme was about £2,000. (Between 1980 and 1981 about £100m was made available for the scheme.) This compares with the IFS estimate that the average cost of unemployment in that year was £3,000 per head. In the current year, the cheapest type of job to be provided under the Manpower Services Commission's job creation scheme costs about £1,500.

It is obviously an open question whether resources would be well used by the "creation" of unncessary jobs. However, the very rapid rise in the costs of unemployment should at the least reopen the debate about where the line should be drawn between resources (people) inefficiently used and resources which are completely wasted.

Letters to the Editor

Nearly 30m American T-shirts in Europe in two years

om the Director, itish Importers Confederation

Sir,—It is surprising that, as trading nation, Britain has ined the "hard-liners" in spect of the EEC mandate for e forthcoming multi-fibre rangement negotiations, as eferred to in your article Trying to patch up a pact" November 18).

There appears to have been o in-depth study of how many obs will be saved by restrict- imports from developing IFA countries, nor of how any jobs in export industries ill be lost by decreasing the urchasing power of the eveloping countries.

The British textile industry hould be given credit for inreasing its productivity but the EC Commission has estimated hat when productivity rises by per cent in the Community here is a loss of 10,000 jobs a ear in textiles and 15,000 in lothing. It is, therefore, quite rroneous to place the whole blame for lost jobs on developing countries which is the inference drawn from many reports.

In addition, there has been no study in this country of the cost of protecting the textile and clothing industries as there has been in Australia and the U.S. The consumer is the one who suffers from a restricted choice, higher prices and shortage.

The world-wide increase in consumption of textiles and clothing during the 1980s is estimated at 2.5 per cent per annum. The present annual consumption level of textile fibres is 23kg per head in the U.S., 16kg per head in the EEC and 5.7kg per head world-wide, which suggests that there is a potential for growth in the Community and a very important growth potential in the world as a whole.

These figures do not support a need for further restrictions on developing countries but, in any case, if the textile industry is to be helped little or nothing will be achieved by controlling imports from one particular area—the developing countries —while developed countries have unrestricted access and freedom to increase their share of the trade.

It has been calculated that T-shirts imports into the EEC from the U.S. increased from 6.4m to 29.8m between 1978 and 1980. Other sensitive textile products imported from the U.S. have also increased substantially. Is it not likely that if there is a real relationship between imports and job losses in the UK it is the developed rather than the developing countries which are responsible?

In the end, a much tougher MFA can only harm the overall trade of this country without benefiting our own textile industry to any extent.

E. Ira Brown.
British Importers Confederation.
69, Cannon Street, EC4.

Multi-fibre arrangement talks are a disappointment

rom the Director, British Clothing Industry Association

Sir,—Mr Peter Rees, Minister of State for Trade, announcing (November 25) the EEC's negotiating position on multi-fibre arrangement 3, is reported as having acknowledged that the use of the 1982 quota levels as the base for future quotas would be a "matter of disappointment" to the industry. This is one of the understatements of the year!

The only aspect of the MFA to have any real significance is the base level of quotas. A low growth factor on a large quota is irrelevant; the result is still too large. Anti-surge mechanisms which might, for instance, limit year-on-year growth to 10 per cent are a farce when even the Commission acknowledges that a 1 per cent growth in the market is all that can be expected. A recessionary influence on quotas which are not being met does not begin to touch the problem.

What is needed if our industry is to have a future is for there to be clear-cut restraints on the level of imports. Where quotas are under-utilised, this demonstrates that the quotas are too large and is the basic criticism of MFA 2. The industry has been arguing for months that future quotas should be based on past performance and not what the Minister described as "theoretical and notional quotas." Our information is that France and Italy have not given up the fight for reduced quotas, so why should the UK opt out? This will be seen by many in our industry as a sell-out, and the many protestations that we have had from the Government that our industry is not expendable will be seen as empty gestures.

There is still time for our Government to get back on course; for the sake of the 600,000 workers in the clothing and textile industries, we must hope it does so.

Gerald W. French.
14-16, Cockspur Street, SW1.

U.S. Tariffs on UK fabrics

From the Director, National Wool Textile Export Corporation

Sir, — In the excellent review (November 18) by Anthony Moreton and Giles Merritt of the multi-fibre arrangement, the "liberal" posture which the American Government is taking *in the negotiations is rightly* contrasted with the very high tariffs imposed by the U.S. on textile imports. They quote as an example the duty of 29 per cent on socks and stockings, compared with the EEC's 13 per cent.

Woollen and worsted fabrics have to contend with even steeper American tariffs — a formidable combination of specific and ad valorem duties amounting to as much as 45 per cent.

There is a large and growing demand among U.S. consumers *and clothing manufacturers* for British fabrics in wool and other natural fibres, since American mills cannot offer anything comparable in quality or variety. Under the last GATT tariff-cutting round, the duties are to be gradually reduced — *by less than 2 per cent annually* over a six-year period — but, even so, they will still remain among the highest in the whole of the industrialised world.

G. Richardson.
Lloyds Bank Chambers,
43, Hustlergate, Bradford.

Liability for product safety

From the Managing Director, Product Safety.

Sir,—One point in the article by Christopher Lorenz ("When survival depends on a quality product," November 25) is worth emphasising. He says that, among other things, safety is a critical factor in international competitiveness. Aware companies are beginning to realise that the penalties for a failure in product safety are approaching significant levels.

The courts are moving towards a stricter interpretation of liability, whatever may be happening to the amended draft directive on product liability in Brussels. The highest award for personal damages in this country is already over £300,000. But the major cost of a product safety failure is the commercial *one, the loss of sales and profit,* and this can run into six or seven figures. To recover from such a failure can take considerable time and money in restoring customer confidence.

Howard Abbott.
5 Bridle Close,
Surbiton Road,
Kingston-upon-Thames, Surrey.

Reform the rating system

From the Deputy Leader, Liberal Group, Kent County Council

Sir, — Sir John Grugeon's attempt (November 26) to reform local government finance by a poll tax based on the electoral register may sound fine in theory but is hardly very practical.

The Electoral Register is brought up to date each year in October on a voluntary basis. Each household, even those as far flung from civilisation as *my own, receives a form to fill* in. We are supposed to list those of a voting age and those due to come on to the register in the near future. But the onus on filling in and returning the form lies entirely with the householder. I dread to think of the problems that would arise when the great majority who often do not vote in local elections neglected to fill in or return their form. After all what would they have to lose —no name on the register—no poll tax.

I am all for the reform of the rating system. My own party has been advocating it since 1924 when we first suggested site value rating. This is a method which I believe is still one of the most practicable solutions put forward.

Alison Wainman.
Plackett's Hole,
Bicknor,
Sittingbourne, Kent.

Chamberlain Phipps well ahead at interim stage

THE STATEMENT last July by Mr W. R. Chamberlain, the chairman of **Chamberlain Phipps**, that the group would report significantly higher profits at the halfway stage has been borne out with the pre-tax figure emerging at £1.42m, *compared* with £738,000.

Assuming the world recession does not deepen and there is no new event to disrupt the UK economy Mr Chamberlain is confident the group's recovery will continue during the second half.

Turnover for the halfyear to September 30 1981 improved *marginally from £31.91m to* £32.41m and trading profits came through at £1.74m (£1.28m).

The pre-tax surplus included a share of profits of associates of £13,000 (£15,000) and was after interest charges of £336,000 (£555,000). Tax took £540,000 (£221,000) and minorities £93,000 (£63,000). Attributable profits were £787,000 (£454,000).

However, although stated earnings per 10p share rose from 1.93p to 3.37p the net interim dividend is being maintained at 1.1p—last year a final of 2p was paid from taxable profits of £1.86m.

Mr Chamberlain says that each division in the group contributed to the first half recovery with the improvement in the general industries sector particularly valuable. Exports from the UK were satisfactory and the contribution from overseas investments "was good."

Since August the group, which manufacture components and materials for the footwear and automotive industries, has established a company in Hong Kong and is planning projects to strengthen and expand the general industries division.

● comment

Chamberlain Phipps' surgery last year is now coming through to profits. Loss elimination and cost-cutting accounts for most of this 92 per cent improvement in pre-tax profits—the company admits that trading remains dull. Still, CP continues to untie itself from the UK shoe industry and to strengthen its overseas activities. The latter now account for 24 per cent in sales *and 29 per cent in trading profits;* these figures were 15 per cent and 17 per cent respectively only 18 months ago. In the UK, the adhesive division is offering the best margins. This specialised field, which has little import competition, has reasonable growth prospects as more of CP's customers switch from welding and stitching to sticking their products together. With capital gearing down to about a third, the company says it is poised for *an acquisition in this area.* Pre-tax profits this year should reach £3.2m which means that the shares, up 5p to 48.5p, stand on an undemanding fully-taxed p/e of about 8. Assuming a maintained final, the shares are well supported by a yield of 9.3 per cent.

HIGHLIGHTS

Lex considers the position of Trafalgar House in relation to its principal publishing interests — the Express Newspapers stable and the Morgan Grampian magazine division—in the light of the proposals to hive these interests out of the mainstream of property, construction and shipping. The column also analyses the outlook for the European bulk chemicals industry in the light of results announced recently by Hoechst, Bayer and BASF before concluding with a look at the increasingly hostile propaganda war which surrounds the fate of Royal Bank of Scotland and the bids from Hong Kong Banking Corporation and Standard Chartered Banking Group ahead of the monopolies commission verdict. Elsewhere, the results reported by Chamberlain Phipps, *John Carr and M K Electric were all encouraging and were each* rewarded by strong share price rises.

Bremner in half-time decline to £66,335

THE SEVERITY of the recession in the industrial belt of west central Scotland hit the first six months trading at **Bremner and Company**, Glasgow-based general warehousemen. Indications are that profits for the full year will be much lower than last year, say the directors.

The first six months trading were also affected by the high costs of re-programming and enlarging a computer installation. The benefits of the installation will work through in the future, according to the directors.

Pre-tax profits fell from £174,662 to £66,335 for the period ending July 31 1981. This *included lower interest received* of £63,992, compared with £92,583. The decline in interest received, say the directors, is due to interest rates being much lower than in the same period last year.

The interim dividend is held at 1.15p.

Public sector costs continued to be a heavy burden, according to the directors, particularly the rise in local authority rates.

Tax for the period was much reduced at £11,812, against £90,171 previously.

John Carr second half pulls ahead

AN INCREASE in activity since March has helped second-half pre-tax profits at **John Carr (Doncaster)** to pull ahead from £1.87m to £2.42m although the year end to September 30 1981 was steady at £3.52m, compared with £3.62m previously.

Turnover of this timber importer and merchant was ahead at £24.83m against £22.52m last time. The final dividend is higher at 1.15p compared with an adjusted 0.93p before, for a total of 1.68p (1.47p) absorbing £556,000 (£477,000). Earnings per share are given as an improved 6.9p

The charge for taxation was lower at £1.24m (£1.62m).

Net assets per share are stated as 60.15p (55.5p).

Current cost pre-tax profits were improved at £3.44m

● comment

John Carr has made up the 37 per cent first half fall in pre-tax profits with new outlets in the merchant building sector, which has emphasised the seasonal bias in its timber operations. So, for the full year the company is down by only 3 per cent. The slant towards second half profitability should continue and, in the meantime, exports have quadrupled, *while with lower U.S.S.R.* timber prices which have cut raw material costs, profit margins have been strengthened. The share price rose 3p to 66p, a high for the year, and with the final dividend is up over a fifth to 1.15p, to give a yield of just 3.7 per cent. The fully taxed p/e, is 11.8. That looks quite high enough, but Carr has a strong track record, it claims a rising share of its market and, not least, that outlook for timber merchanting margins has started to improve despite a very dull volume position.

Brady in losses and no interim

IN THE half year to September 30 1981, **Brady Industries**, the shutter, door, grille and lift-maker, has run into losses and reports a pre-tax deficit of £86,000 for the period, against profits of £146,000 last time. As a result, the interim dividend is being omitted.

Last year, the company paid an interim of 1.5p net, and this was followed by a final of 2.75p per 25p share. Pre-tax profits for the 12 months to end March 1981 totalled £465,961 (£830,846).

Turnover for the first half of 1981-82 fell slightly from £10.74m to £10.63m. After a tax credit of £45,000 (£76,000 charge) and an extraordinary debit of £84,000 this time, the net loss was £125,000, compared with £70,000 profits.

MK Electric shows slight improvement

TAXABLE PROFITS of **M.K. Electric Group**, the Edmonton based manufacturer of electric plugs and sockets, showed a slight improvement from £3.07m to £3.22m for the half year to September 26, 1981, on turnover up 11 per cent to £37.53m, compared with £33.65m.

Earnings per 25p share are stated ahead from 14.34p to 15.67p, but the interim dividend is being kept at 5p net — last year, a total of 12p was paid from pre-tax profits of £5.59m (£7.15m).

Mr D. L. M. Robertson, the chairman, says the group's electrical wiring accessories business has benefited from some recovery in sales volume, particularly in the UK.

There has been tight control of overheads and working capital throughout the group and careful management of production levels has reduced borrowings during the six months.

The group has made detailed development plans designed to secure sustainable profits growth, both in its established markets and in new areas. It has continued its programme of substantial investment in new plant and tooling and this will enable it to take advantage of higher demand as the economy recovers, the chairman states.

Interest charges for the half year were down from £870,000 to £655,000. After tax of £870,000 (£852,000) and minorities, the attributable surplus came to £2.38m, against £2.18m last time.

In current cost terms, pre-tax profits rose from £1.17m to £1.84m.

Domestic sales of MK wiring accessories showed a considerable improvement because of buoyant refurbishment activity and the progressive development of product range. A substantial capital spending programme is in progress to automate the assembly of high volume products. Good progress is being made and the next stage of development will be for new products to be designed with automatic assembly in mind.

Overseas, the Kuwait company made a satisfactory profit despite the tension of the Iran/Iraq war, while operations in Singapore and Malaysia incurred modest losses. The accessory operation in South Africa is making good progress.

Superswitch has undertaken a major spending programme on highly mechanised assembly techniques and new products and the full benefits of the developments will be seen in the coming year. Loss for the period, after group interest on borrowed funds, was much reduced.

On the plastic conduit and trunking systems side, the Ega Group increased turnover. Profits growth in the UK has been constrained but overseas operations made a significantly higher contribution.

The plastic trade moulding business has seen little evidence of any increase in demand, but produced a useful increase in profits, which is expected to be sustainable.

The launch of MK Switchgear, the recently formed circuit protection company, has been successfully accomplished. The recruitment of distributors is proceeding as planned and the company has attained an initially satisfactory market share.

Westinghouse Electric-MK, which makes switchgear and in which the group has a 49 per cent stake, traded at a loss due to low demand, which has resulted in excess capacity. Steps are in hand to trim production capacity in line with current demand.

● comment

An upturn in the refurbishment market and some hard work on debt have lifted **MK Electric** by 5 per cent pre-tax at the interim stage and profits for the full year should be making useful progress on the way to recovery. The shares climbed 14p yesterday to 236p which, assuming MK gets *to £6.5m, say, this year, indicates* a fuly taxed p/e of 11.3. The historic yield is 7.4 per cent. While the renovation market and further balance sheet improvements should take profits up another notch or so, MK's long term response to the maturity of its major product... mate volume prod... almost inevitably, to over-seas. The group ... some £4.5m this yea... porate automatic ... which should be co... comfortably by cash ... also absorbing start ... several overseas m... writing off a substant... of development exp... the new switchgear co... is some four years ... diversified and it is ... that Ega, the 1977 ... is alsocoming into ref... market to offset w... otherwise be very dul... conditions. When the ... capital spending are ... through fully, it must ... bet that the group will ... seas for a sizeable sta... markets although not ... in markedly different p...

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total last year
Brady Industries	int	nil	—	1.5	4.25
Bremner	int	1.15	Jan 21	1.15	3
John Carr		1.15	Jan 12	0.93*	1.47*
Chamberlain Phipps	int	1.1	Jan 4	1.1	1
Craig and Rose	int	8	Jan 8	8	85
Evans of Leeds	int	1	Jan 8	0.63*	—
Hicking Pentecost	int	2	April 5	2	—
Marshalls Halifax	int	1	Mar 31	1	—
MK Electric	int	5	—	5	12
Samuelson Film Service		8.77	April 2	8.77	8.77
WGI	int	3	Jan 29	3	‡

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Directors expect to pay 5.4p final. § Final of not less than 37p expected.

Marshalls Halifax little changed

A RECOVERY in the engineering division from the second half of last year has helped **Marshalls Halifax**, the concrete products, rock drilling and handling equipment group, to achieve little changed pre-tax profits of £1.73m for the six months to September 30 1981, compared with £1.75m last time.

Mr David Marshall, the chairman, is confident that the group will make acceptable profits for the full financial year—for the year to March 31 1981 pre-tax profits were £2.71m. He adds that the group remains in a healthy financial position and continues to invest in order to improve production facilities.

The interim dividend is unchanged at 1p net—last year's *total was 4.5p. Half-year earn*ings per 25p share fell from 11.96p to 9.06p.

No figures from the recently acquired Mono Concrete companies are included, but a modest profit contribution is expected in the second half. Mr Marshall says the full benefits of the acquisition will take time to accrue, but the indications are favourable.

Group turnover for the six months was down slightly at £20.29m (£20.74m) and interest charges were lower—due to reduced borrowings—at £380,000, against £701,000. Tax, however, rose from £186,000 to £445,000 and after minorities and extraordinary items, the attributable surplus was £1.3m, compared with £1.43m.

Sales by the concrete and quarrying division rose from £14.86m to £15.51m. Volume was *successfully maintained in a* shrinking market at the expense of margins and profits dropped to £1.88m (£2.2m). The strength and efficiency of this division's production and marketing, however, will continue to provide a good level of profits, bearing in mind current market conditions, the chairman states.

On sales of £4.78m (£5.88m) the engineering division's profit of £227,000 (£257,000) represents an improvement over the second half of last year—£70,000 loss—and this trend is expected to be maintained. A positive and aggressive marketing policy at home and abroad has resulted in orders for most of the engineering products being obtained at a higher rate than 12 months ago. Profit margins, however, remain under pressure.

● comment

Trading profits of the large concrete and quarrying division of **Marshalls Halifax** are off 14 per cent in the first half after a 16 per cent drop in the second half of last year. The group expects demand for its products to remain very quiet this winter and is resigned to the probability that the Mono acquisition will result in a slight reduction in earnings per share in the full year. On the engineering side, Halifax Tools is maintaining its contribution on the strength of two substantial orders while Alliance Mercury is almost back to break-even after last year's £278,000 loss. Reductions in capital spending and stocks of concrete products have brought net borrowings down by more than £1.5m to £5m and the interest charge is well down. Marshalls could make £3m before tax in the full year, and at 92p unchanged, the prospective fully taxed p/e is a reasonable 9.1 and the yield 7 per cent.

Poor start for Nimslo on USM

THE SHARES of Nims... national, the company ... developing a 3D came... had a rough debut on ... listed Securities Market.

Following a capital re... tion and a $30m new ... London last month at ... share (217p) dealings ... yesterday at 205p. The pr... sank to 170p and closed ... knocking £41m off the ... capitalisation indicated ... issue price.

Mr Charles Ibry of ... Brothers, underwriters ... issue, said the debut ... from a lot of unfavourab... ment in the pres and fro... up sellers. Dealings in ... equity, which formerly ... place under Stock Exchang... 163 (2), had been sus... since June 14 pending the financing.

Mr Ibry also said that ... 1.35m shares in the issue ... preferentially to sharehold... Nimslo European Hol... 681,000 were not taken u... had to be placed with ... underwriters, many of ... presumably decided to sell ... diately.

Jobbers estimated ... 250,000 shares changed ha...

£40m loan for Slough Estates

BY MICHAEL CASSELL

Slough Estates, the industrial and commercial property development group, has raised a £40m loan in order to refinance its short-term debt.

The loan was arranged by a consortium of ten banks, led by Barclays Merchant Bank and *including National Westminster* Bank, First National Bank of Chicago, Royal Bank of Canada, Imperial Bank of Canada and Charterhouse.

The loan facility, to be drawn down before the end of 1981, will extend for a period of up to seven years although Slough will be able to repay earlier if it wishes.

The group currently has about £30m of UK short-term debt and the consortium loan will firstly be used to pay this off. Its short-term borrowing facilities will, however, remain available.

The funds raised are being provided "at competitive rates" linked to the London inter-bank offered rate and the unsecured loan is unconditionally guaran*teed jointly and severally by* Slough Industrial Estates and Slough Trading Estates, two of Slough's operating subsidiaries.

Slough said last night that, in conjunction with a strong cash-flow from its business, the new medium-term loan would be fully adequate to finance the group's UK capital expenditure requirements envisaged over the foreseeable future.

Mr Wallace Mackenzie, managing director of Slough Estates, said the group's short-term debt had been building up and it had taken the opportunity to refinance on more favourable terms. The move had been considered for some while and the market "had been receptive to the suggestion."

Mr Mackenzie said that, despite the present weaknesses of the UK industrial market, the group was still injecting new propects into its UK development programme. These were mainly in the south but work was starting on a DIY centre in Huddersfield and on a small, northern enterprise zone.

Mr Mackenzie confirmed that letting activity remained slow, although it was "not completely flat" and said that rents remained static. There were some signs, however, that letting inquiries were beginning to pick up.

Evans of Leeds reaches £1.41m

A rise in pre-tax profits shown by **Evans of Leeds**, ... perty investment group, ... £1.17m to £1.41m for the ... *months to September 30 198*...

Total revenue increased ... £2.32m to £2.8m. This incl... gross rent receivable highe... £2.65m (£2.2m), interest re... able up at £115,857 (£71,... sundry income of £1.953 (£1... and profit from development ... sale of properties of £3... *(£48,820).*

The interim dividend is ... compared with an adju... 0.625p. In the last full yea... equivalent total of 2p was ... from pre-tax profits of £2.51m ... total revenue of £4.87m.

Interest charges and o... expenses increased from £1.... to £1.39m for the six months.

Mr John A. C. Humphries, ... been appointed director ... chairman of the company foll... ing the death of the previ... chairman Mr H. C. B. Berens.

Reuters and UPI talks off

Reuters, the UK news agency, and **United Press International**, its lossmaking counterpart in the U.S., have called off merger talks after five months.

In July, Reuters announced that it had been approached by E. W. Scripps Publishing, the U.S. company which has been trying to sell UPI for two years. In early October the talks were still continuing but yesterday both agencies announced that they had been "discontinued by mutual agreement."

Scripps has annual revenues of between $500m and $600m but UPI, which has 145 bureaux in the U.S. and 78 abroad, has never been profitable.

Yesterday, Mr Charles Scripps, chairman of Scripps, said that while he was disappointed that the talks with Reuters had been *broken off, "this was not the end* of the road for UPI."

"We are still talking with some others," he said. "It is still alive."

SPAIN

November 27	Price %	+ or —
Banco Bilbao	338	
Banco Central	342	
Banco Exterior	310	
Banco Hispano	330	+6
Banco Ind. Cat.	115	
Banco Santander	371	
Banco Urquijo	217	
Banco Vizcaya	359	
Banco Zaragoza	216	
Dragados	147	+3
Espanola Zinc	65	
Fecsa	69	—0.7
Gal. Preciados	55	
Hidrola	79.2	—1.8
Iberduero	56.5	
Petroleos	100	
Petroliber	85	+2
Sogefisa	40	
Telefonica	79.5	
Union Elect.	74.5	—1.7

53 companies wound up

Compulsory winding up orders against 53 companies were made by Mr. Justice Vinelott in the High Court yesterday. They were:

Sandy Fishing Company, Newbury Inspection and Engineering Services, The Computer Shop *Group, R. R. Britton, Newton* Sheet Metalwork and Coppersmiths, Solidpoint.

Erecta Engineering, H. Line Developers and Decorators, Magnetos, Senate House Developments, Argabond, Farmside Freight Services.

Fullrange Trailer Spares, Colmar (Engineering) Company, Ormeau Securities, P. T. Olivant, Premier Treatments, Moore and Tobin.

Walglen Construction, Luton Tubes, Lisa Plus Two, Stagfirst, Millers Engineering (Liverpool).

Alvacote, Stickglow, Bircana Publishers, Breakadd, Bridlington Steel Structures.

Marenium, Lenargo, Coullard Transhipment, Richmond Creative Productions, Golsil.

Partners Construction, Farpark Roofing, Tensift, Jaunt Craft, *Straker Lift Company.*

Joseph Beaumont Junr., Bartlett Christie and Company (Southampton), Eaglelyn, Stevenage and District Taxis and Hire Cars, Manstop (Fashion Agency).

Print and Design (Northern), Lectrac International, The Thompson Electrical Company (Kenilworth), Sureseal (UPVC) *Window Company, Alplant Automation.*

Knight Brown Travel, Douglas Macintosh, Jack Sharpe Entertainments, Jemco Tools, and Milton Keynes Roofing Contractors.

N. Midland Construct. pays more

Profits of **North Midland Construction Company**, the Nottingham-based civil engineer and public works contractor, declined at the pre-tax level from £460,127 to £416,261 in the year to August 31 1981.

However, a tax charge more than halved to £106,741 (£244,650) left the net surplus well ahead at £309,520 against £215,477, and a final dividend of 1.75p (1.5p) net per 10p share lifts the total to 2.4p (2.15p).

Earnings per share are stated as 20.21p (14.68p).

Turnover advanced from £7.49m to £8.07m. Taxable profits midway were £213,538 (£203,152).

UK COMPANY NEWS

Similar interim profit for Hicking Pentecost

ALTHOUGH DEMAND in the UK textile industry continued to be very depressed throughout the period, Hicking Pentecost and Co has made a similar pre-tax profit of £130,000 for the six months to September 30 1981, against £127,000 last time. Turnover of this textile manufacturer and commission dyer rose from £5.75m to £6.37m.

Profits were struck after interest of £105,000 (£112,000) but were subject to unchanged tax of £22,000 giving a net balance of £108,000, compared with £105,000.

Stated earnings per 50p share rose from 4.11p to 4.23p, while the interim dividend is kept at 2p net costing £51,000 (same)—last year's total was 6p on taxable profit of £304,000.

Difficult trading conditions continued to affect the dyeing division, by creating a climate in which cost increases could not be recovered from customers. The seasonal improvement in activity in the summer and early autumn proved to be of a shorter duration than normal and the decline in demand for fabrics for the fashion industry was particularly severe.

As a result, the board decided to close the fabric dyeing and finishing operation at the Bobbers Mill factory and to concentrate the dyeing and finishing of both warp and weft knitted fabrics at the Queen's Road Factory, from January 1 1982. This will result in a substantial reduction in fixed overhead costs and will make part of the Bobbers Mill site available for sale.

The second half is unlikely to show improvement until the reorganisation has been completed in January. Much work has taken place to develop new products and new markets for the fabric dyeing and finishing department.

Hicking Pentecost Fabrics commenced operations at the beginning of this year, to convert and sell speciality fabrics finished by the division. Its operations in the first six months, although modest, have been profitable.

In contrast, the knitwear division increased its sales and profits for the period by 30 per cent compared with the previous year.

Export sales continued to increase and new areas of distribution have been established. Capital expenditure to increase the product range and to modernise knitting technology has taken place. This will enable the company to exploit more fully the fashion trends.

While it is expected that trading conditions will continue to be difficult in both the UK and export markets, the division's profitability is now approaching that achieved prior to the recession and the recent capital investment should enable it to improve further its profits next year.

Merrydown well ahead at midterm

Profits of Merrydown Wine Company, the unquoted cider producer, advanced sharply from £7,485 to £119,689 for the six months to September 30 1981 on turnover ahead at £2.14m, compared with £1.71m. There was again no tax charge.

The chairman comments that record sales in September set the seal on six months of steady growth. However, although October and November sales remained buoyant he makes no forecast as to the year-end result in view of "the uncertain general level of Christmas sales and the extent of the apple harvest." There is no interim dividend (same).

In a move to strengthen the board Mr Michael O'Driscoll, chief accountant, becomes finance director and Mr Robert Howie joins the board as export sales director. Mr I. A. Howie, chairman, is relinquishing his post as joint managing director and remains executive chairman. Mr Richard Purdey becomes sole managing director. Mr Jack Ward is resigning from the board but has accepted the position as president.

WGI profits rise halfway

WITH ALL three divisions showing improved performances, taxable profits of WGI increased from £800,939 to £885,243 for the half year ended September 27 1981 on turnover of £28.49m, against a previous £24.7m.

A second half loss last year left the pre-tax surplus at £348,954.

Overall group profits in the short term are still influenced by weather conditions, and together with the continuing uncertain economic conditions, Mr David R. Brooks, chairman, says it is difficult to anticipate the outcome for a 12 month period.

The interim dividend is unchanged at 3p net per 25p share—last year's final was 3p. The chairman says that if the improved profit trend continues, the directors would expect to recommend a return to the higher final distribution of 5.4p (for 1980).

As for the longer term, Mr Brooks says the board will continue to respond to changes made in the group's balance of investments, to be made when necessary, and also to seek out new opportunities, particularly in the company's specialised fields.

An analysis of turnover and trading profits—£1.23m (£1.04m)—shows: civil engineering £10.27m (£10.46m) and £779,961 (£705,155); process engineering £11.19m (£8.29m) and £387,324 (£312,752); industrials £7.03m (£5.96m) and £85,043 (£17,981).

Mr Brooks says it is particularly noticeable that within the process sector, UK construction has continued its strong performance and a "very satisfactory result" from the civil division included an increasing contribution from overseas work which more than compensated for the difficult home market.

Recent acquisitions, Movalarm Television Surveillance and Intrusion Prepakt (UK), though not yet major contributors performed well. Edgar Allen Tools made steady progress and the chairman says it may well surpass the expectations at the time of purchase.

The measures taken to adjust to a new economic climate resulted in the closure of George Sands (structural steel), the elimination of surplus capacity and the disposal of underutilised assets. Redundancies have occurred in several companies.

Interest charged was £347,085 compared with £234,949, and tax was £325,288 against £233,136. After an extraordinary debit of £103,432 (£93,648) — including closure and reorganisation costs—and minority interests of £10,577 (nil), the attributable balance came through behind at £445,946 (£474,155).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allied-Lyons, Atkins Bros. (Hosiery), Charter Consolidated, David Dixon, Hargreaves, Highams, Kamunting Tin Dredging Berhad, Moorgate Mercantile, Ocean Wilsons, Rexmore, Rowlinson Constructions, Sangers, Sungei Besi Mines, Tecalemit.

Finals—British Benzol Carbonising, Cardiff Property, Hanson Trust, Leeds and District Dyers and Finishers, MEPC.

FUTURE DATES

Interims—	
AAA Industries	Dec 7
Beechwood Construction	Dec 15
British Bldg. and Eng'g Applcs.	Dec 10
Globe Investment Trust	Dec 8
Hazlewood Foods	Dec 9
Lennons	Dec 16
Property Hldg. Inv. Tst.	Dec 15
Finals—	
Hardys and Hansons	Dec 18
Hawkins and Tipson	Dec 10
Management Agency and Music	Dec 9

GEC INTERIM

The interim figures from GENERAL ELECTRIC COMPANY will be announced on Thursday

Star Offshore on profits path

WITH THE bulk of its "financial woes" behind it there is confidence for the future at Star Offshore Services and a return to full time profits is expected for 1981-82. This forecast is made by Mr W. G. Cochrane, the chairman when reporting a jump in taxable profits from £389,000 to £1.31m for the six months to September 30 1981.

The mid-year improvement, by this Aberdeen-based supplier of offshore services to the oil industry, was mainly attributable to its shipping division. The majority of its vessels are contracted through 1982 and some into 1982. Star Hercules, in particular, has secured continued employment for diving offshore Brazil.

Midyear turnover was marginally ahead at £6.54m (£6.42m) and at the operating level marine services profits *climbed to £1.64m (£408,000)* while the loss from diving was cut from £180,000 to a near breakeven £7,000.

Group costs were down at £176,000 (£214,000) and loan stock interest took £150,000 (£145,000). Last time a £520,000 surplus on sale of vessels prevented the company showing a pre-tax loss.

For the whole of 1980-81 losses in both the marine and diving activities meant that this unquoted group showed a deficit of £1.51m—the third consecutive year in loss.

Within the past month the diving support vessel Star Canopus has been sold and the second half profit forecast includes some £500,000 surplus from this sale. This was one of the first vessels of its type in the North Sea and though it was operationally extremely successful, due to the seasonal nature of monohull diving vessels in these latitudes its contribution to profits had been on the whole disappointing says Mr Cochrane.

In the diving section, relocation of management to Great Yarmouth has cut overheads and further sales of surplus equipment have helped reduce overdraft.

As known the group has contracted for two new platform supply vessels, together costing £8.5m, for delivery at the end of 1982 one of which the group will lease and the other it will own.

"We remain confident that profitable employment will be found for them before they are delivered," the chairman adds.

Again there is no tax charge

Cussins Prop.

Cussins Property Group, a Newcastle-based housebuilder and commercial developer, is expected to come to the Unlisted Securities Market on Thursday with a £1m placing by brokers Capel-Cure Myers.

Cussins operates mainly in the north-east but also has properties in Scotland. Its profit record has been irregular, falling from £0.6m in 1977 to £0.4m in 1979, and back to £0.6m in the first half of the current year. A profit forecast will be made for the year as a whole.

Samuelson film lower year-end

TAXABLE PROFITS of Samuelson Film Service, supplier of equipment and services to film and television industries, declined from £221,000 to £172,000 for the year to March 31 1981 on turnover higher at £11.82m, compared with £10.46m.

A single dividend of 8.77p net per 20p share is being paid—there are waivers on 153,106 shares. Last year, after omitting the interim (a final of 8.77p was paid) the directors said only one dividend would be paid for 1980-81 in view of the uncertainties of the situation of the film and television industry.

The pre-tax surplus for the year was after depreciation of £954,000 (£658,000), interest charges of £244,000 (£319,000) and other costs.

After a tax credit this time of £245,000 (£86,000 charge) stated earnings per share emerged well ahead at 33p (10.69p). Current cost accounting reduces the taxable profit to £29,000.

Mr Sydney W. Samuelson, chairman, says the company's freehold properties, with the exception of the production village, have been revalued at £2.09m, a surplus of £855,000 over book value. The new figure has been incorporated in the accounts.

In the case of the production village the balance sheet continues to show the previous figure of £792,000. These figures do not reflect the purchase of the St Helena's property, the acquisition of which was completed after the end of the financial year. The company has written off, at a cost of some £208,000, the investment in the studio stages at the production village, "a business activity which has now been quite considerably cut back in order to reduce general overheads."

Vestor subscriptions open

POTENTIAL investors in the oil and gas sector are offered an opportunity to join UK limited partnerships to pursue investments with professional management under the terms offered by a newly formed UK company, Vestor Energy.

Vestor will seek to raise capital of at least £3m between today and January 31 1982 from both companies and individuals, taking minimum subscriptions of £5,000.

It is intended then to assist a series of partnerships, each with a maximum of 20 partners, in the tasks of formation, investment and tax planning.

The company will focus primarily on prospects in the U.S., though it says UK opportunities will also be kept "under constant review." Each partnership's capital will be channelled into a portfolio designed by Vestor to achieve a broad spread across high, low and medium risks.

These will be represented by direct investments in development wells, "stepout" wells adjacent to existing fields and exploration wells.

As managing partner, Vestor will charge each investor a management fee between 2½ and 9 per cent and will take a 1 per cent share of profits and losses initially. As and when a partnership's profits have been sufficient to repay the capital outlay, Vestor's interest will rise to 24 per cent.

Robertson Research International of Houston will act as technical consultants to Vestor, which will be based in London.

Mr Dan Ion, chairman of the British National Committee of the World Petroleum Congress and former head of the BP Exploration in Canada, will be the company's first chairman.

Bardsey share premium account reduction scheme

The directors of Bardsey, industrial holding company, announce that an order of the High Court of Justice, Chancery division, confirming the reduction of the company's share premium account from £1,574,076 to £776,531 was filed with the Registrar of Companies on November 20. The amount of the reduction has been applied in elimination of the deficit on the company's reserves of £797,545 as at December 31 1980 so enabling the directors to consider the payment of a dividend to ordinary holders sooner than they would otherwise be able to do under the provisions of the Companies Act 1980.

RESULTS AND ACCOUNTS IN BRIEF

ALLIED LONDON PROPERTIES — Results for the year to June 30, 1981 reported Nov 13. Shareholders' funds £38.2m (£25.15m). Fixed assets £52.91m (£27.06m); current assets £15.56m (£5.69m), including land £6.66m (£2.96m), work in progress £5.11m (£2.11m), and debtors £3.3m (£467,000); current liabilities £9.82m (£4.7m); including creditors £6.58m (£2.62m). Bank loans and overdrafts (partly secured) £8.03m (£1.51m). mortgages and loan stock £10.55m (£195,000). Increase in net bank borrowings and cash balances £6.17m (£1.51m). Capital commitments nil (£3.19m). Meeting: Inn on the Park, W, Dec 15, noon.

ANGLO SCOTTISH INVESTMENT TRUST—Results for year to September 30, 1981, already known. Investments at valuation £29.41m (£30.91m). Net current assets £2.01m (£0.37m), including UK short-term deposits £1.2m (£0.5m). Shareholders' funds £27.74m (£26.74m). Meeting, 2 St Mary Axe, EC, December 17, 11.15 am.

ARTHUR BELL AND SONS (whisky distiller)—Results for year ended June 30 1981 reported September 30 in preliminary statement with chairman's observations on prospects. Shareholders' funds £92.56m (£72.55m), net current assets £78.8m (£55.29m), fixed assets £42.2m (£30.29m); Bank overdrafts £3.74m (£15.05m). Net inflow of funds £14.43m (£3.56m outflow). Meeting, Perth, December 11, 12.15 pm.

C. H. BEAZER (HOLDINGS) (property, building, engineering)—Results for the year to June 30, 1981 and prospects reported November 10. Shareholders' funds £13.43m (£9.67m). Current assets £22.19m (£17.88m), including land £7.3m (£3.65m) and cash at bank £396,507 (£1.16m). Current liabilities £12.49m (£9.4m), including creditors £6.54m (£4.45m) and bank overdraft £3.11m (£2.5m). Group auditors, Gordon Wood, Scott and Partners, state they are not able to express an opinion on the assumptions in note 1(b) of the CCA accounts. Note 1(b) under the heading Cost Operating Adjustments, referred to a revaluation of fixed assets and calculation of the depreciation adjustments. The directors said that a 1980 valuation was used as a basis for property, and certain assumptions have had to be made regarding the original dates of purchase of fixed assets of subsidiaries acquired. Meeting: Bath, December 11 noon.

BORDER AND SOUTHERN STOCKHOLDERS TRUST—Results for year to September 30 1981, reported October 28. Investments £104.96m (£105.3m). Net current assets £4.08m (£0.9m liabilities). Shareholders' funds £105.84m (£102.2m). Liquidity increase £4.06m (£0.82m decrease). Meeting, Winchester House, EC, December 21, 12.30 pm.

BRITISH ASSETS TRUST—Results for year to September 30 1981, already known. Investments £90.29m (£103.49m). Net current liabilities £1.99m (£2.74m). *Total assets* £121.82m (£127.78m). Debt £2.33m (£13.49m). Ordinary shareholders' funds £114.24m (£109.04m). Liquidity increase £1.87m (£5.32m decrease). Meeting, Edinburgh, December 22, noon.

BRITISH EMPIRE SECURITIES AND GENERAL TRUST—Results for year to September 30, 1981, reported October 9. Shareholders' funds £3.53m (£3.48m); fixed assets £3.85m (£3.53m); bank balances £14,513 (£780); net current liabilities £121,921 (£73,513); net asset value 17.377p (17.029p); decrease in working capital £52,000 (£12,000). Meeting: Saddlers' Hall EC, December 17 at noon.

BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST—Results for year to September 30 1981 reported November 7. Investments £8.44m (£8.79m). Net current assets £341,924 (£37,008). Shareholders' interest £8.6m (£8.08m). Meeting, 117 Old Broad Street, EC, December 14, 2.30 pm.

BURGESS PRODUCTS (HOLDINGS) (electrical engineer)—Results for year to August 1, 1981 reported October 30 with chairman's observations on prospects. Group shareholders' funds £7.58m (£6.99m). Fixed assets £3.15m (£3.21m) and net current assets £5.68m (£5.46m). *Meeting*, Hinckley, Leicestershire, on December 11, at noon.

CRAMPHORN (garden centre and pet and garden store group)—Results for year to July 4, 1981, reported on November 6. Shareholders' funds £3.5m (£2.68m); fixed assets £3.12m (£2.84m); current liabilities £1.64m (£1.39m); current assets £2.58m (£2.35m). Increase in net liquid funds £24,504 (£184,097 decrease). Historical pre-tax profits of £242,670 (£279,901) reduced to £153,560 on a CCA basis. Meeting: Chelmsford, December 16, at noon.

DRAYTON CONSOLIDATED TRUST—Results for year to September 30 1981, reported November 11. Investments £80.21m (£80.69m). Net current assets £2.93m (£2.43m). Ordinary shareholders' interest £76.76m (£74.91m). Loan capital £4.38m (£6.2m). Meeting, 117 Old Broad Street, EC, December 17, 2.30 pm

ALBERT FISHER GROUP (fruit and vegetable wholesaler, motor repairer)—Dividend 0.3125p (same) net for year to August 27 1981. Turnover £5.18m (£4.6m); profit £39,552 (£37,981) after tax £29,026 (£54,248), and extraordinary debits £12,315 (£7,597). Earnings per 5p share 1.3p (1.14p).

FULCRUM INVESTMENT TRUST—For year to October 31 1981, gross revenue £182,585 (£186,097). Net revenue £110,789 (£116,137) after tax of £49,258 (£51,311). Earnings per share 4.61p (4.94p). Second interim in lieu of final 2.5p net making 4.6p (same). Net asset value per income share 40.40p (40.38p) and 1.32p (2.39p) per capital share

G. R. (HOLDINGS) (sheepskin and fur merchant)—Results for year to June 30 1981 reported November 14. Group shareholders' funds £14.25m (£9.56m). Fixed assets £2.23m (£2.17m) Net current assets £11.63m (£11.43m). Bank balances, deposits and cash £4.37m (£4.46m). Bank overdrafts £0.56m (£1.72m). Chairman reports that the company has taken a share in a development project in the U.S. Meeting, Chartered Accountants' Hall, EC, December 18, at noon.

HALLAM GROUP OF NOTTINGHAM—Preference dividend for half-year to December 31 1981 will not be paid.

J. HEPWORTH AND SON (multiple tailor)—Results for year ending August 31 1981 reported on October 31. Shareholders' funds £79.69m (£70.85m); fixed assets £82.53m (£74.08m); net assets £104.19m (£93.96m); net increase in working capital £1.21m (£2.48m decrease). Meeting: Leeds, December 18, 11 15 am.

KALAMAZOO (business systems)—Results for year to July 31, 1981, already known. Shareholders' funds £18.24m (£17.77m); fixed assets £12.78m (£13.06m): net current assets £5.16m (£4.71m) (all figures are CCA). Meeting: Northfield, Birmingham, December 9, at 11.30 am.

LONDON CREMATION COMPANY—Pre-tax profit for half year to September 30, 1981, £35,909 (£19,577).

LONDON AND MONTROSE INVESTMENT TRUST—Results for year to September 30, 1961, reported October 14. Investments at cost £15.56m (£13.28m) and at valuation £33.22m (£30.04m). Net current liabilities £261,491 (£564,650 assets). Ordinary shareholders' funds £14.48m (£13.03m). Uninvested funds decreased by £973,584 (£472,341 increase). Meeting, P & O Building, EC, December 17, 3.30 pm.

LONDON PRUDENTIAL INVESTMENT TRUST — Pre-tax income for half year to October 30, 1981, £236,167 (£259,055): gross income £280,207 (£289,743); tax, £74,759 (£91,332). Interim dividend 2.25p (same); stated earnings per 25p share, 2.69p (2.8p); net asset value per share, 135.7p (134.4p).

LOWLAND INVESTMENT COMPANY—Results for year to September 30 1981, reported October 20. Investments £7.54m (£7.71m). Net current liabilities £132,533 (£131,237). Fixed loan nil (£0.6m). Shareholders' funds £7.41m (£7.08m). Liquidity increase £841,000 (£452,000 decrease). Meeting, 11 Austin Friars, EC, December 18, 2.30 pm.

MANGANESE BRONZE HOLDINGS—Results for the year to July 31, 1981, reported November 5. Shareholders' funds £11.5m (£14.95m), including reserves £7.1m (£10.7m); fixed assets £10.3m (£12.14m); net current assets £4.08m (£6.5m); increase in liquidity £618,000 (£697,000). Meeting, Love Lane, EC, December 18, noon.

McKECHNIE BROTHERS (manufacturer of non-ferrous metals and chemicals)—Results for the year to *July 31 1981 reported October 23.* Shareholders' funds £87.7m (£79m). Fixed assets £44.96m (£39.82m). net current assets £23.72m (£23.71m). Mr C. C. Taylor is stepping down as chairman. He will be succeeded by the present chief executive, Dr J. M. Butler. Meeting: Birmingham, December 17, noon

THE MONKS INVESTMENT TRUST—Interim dividend 1.1p (same) for six months ended October 31, 1981. Total net assets at market value £81.42m (£82.84m). Net asset value 98.8p (100.6p). Gross investment income £2.01m (£2.1m). Available for ordinary shareholders £906,753 (£1.08m). Earnings per share 1.25p (1.39p). Tax £617,396 (£551,695). Interim dividend absorbs £835,512 (same). Emphasis on growth companies has led to lower receipts of revenue, and it now appears likely that earnings will be somewhat less than last year's 2.47p. Directors expect to recommend a final dividend of 1.30p (same), even though this may call for some drawing on revenue reserves

MORLAND AND COMPANY (brewer and wine and spirit merchant) — Results for the year September 30, 1981 reported November 14. Shareholders' funds £18.59m (£8.87m). Fixed assets £18.58m (£8.62m), net current assets £98,394 (£329,109). Decrease in working capital £113,608 (£244,320 increase). Meeting: Abingdon, Oxfordshire, December 17, 12.30 pm.

THE NATIONAL ELECTRIC CONSTRUCTION COMPANY—Gross income for six months ended September 30 1981 £330,410 (£303,798). Expenses £18,000 (£16,200). Profit before tax £312,410 (£287,598). Tax £87,500 (£91,500). Interim dividend 12.5p (same) costing £138,750 (£138,750). Earnings per 50p ordinary share 19.38p (16.79p). As previously reported, financial year end was changed last year from December 31 to March 31. The comparative figures to June 30 1980, as shown above, were those published in last year's interim report.

NEWMAN-TONKS GROUP (metal hardware manufacturer)—Results for the year to July 31, 1981 and prospects reported November 11. Shareholders' funds £13.99m (£14.19m). Fixed assets £7.37m (£6.63m), current assets £20.49m (£22.91m). current liabilities £11.99m (£12.66m). Meeting: Birmingham, December 18, noon.

OCEANA DEVELOPMENT INVESTMENT TRUST—Gross revenue for six months to September 30 1981 £7.84m (£8.5m); revenue £3.73m (£5.58m) before tax £1.53m (£1.31m); revenue available £2.2m (£4.26m); earnings per 25p share 0.42p (0.81p); net asset value 41.8p (47.1p at March 31 1980). Directors say a significant increase in overseas holdings in portfolio may result in reduction in future dividends

C. H. PEARCE AND SONS (builder and contractor)—Results for year to May 31, 1981 and prospects reported October 16. Group fixed assets £1.6m (£1.48m). net current assets £7.51m (£5.31m). Shareholders' funds £9.11m (£5.91m). Capital commitments £1.21m (£33,000). CCA pre-tax profit £1.72m. Meeting, Bristol, December 16, 12.30 pm.

SAFEGUARD INDUSTRIAL INVESTMENTS—Results for year ended September 30 1981 reported November 5. Investments £13.58m (£13.42m), current assets £559,241 (£742,900). current liabilities £528,959 (£516,714). shareholders' funds £13.11m (£13.14m). Chairman says revenue not expected to increase significantly in current year and directors expect to be able to maintain dividend. Meeting, 87 Eaton Place, SW, December 15, noon.

SCOTTISH NATIONAL TRUST — Results for year to September 30, 1981 reported November 10. Listed investments in UK £50.95m (£56.35m). overseas £36.66m (£32.56m). unlisted at directors' valuation £3.73m (£2.1m). Net current assets £3.61m (£1.24m). net assets £87.13m (£86.17m). reserves at year-end £26.38m (£23.79m). Meeting, Glasgow, December 16, noon. EGM to follow immediately to authorise scrip and alter Articles.

S. SIMPSON (tailor and clothier)—Results for year to July 31 1981 reported October 30. Shareholders funds £8.49m (£7.77m): fixed assets £2.72m (£2.81m): net current assets £6.03m (£6.53m); net decrease in working capital £679,000 (£400,000 increase); CCA taxable losses £659,000 (£174,000 profits) against historic taxable losses £159,000 (£1.04m profits). Chairman sees some measure of improvement in current year, but adequate profit margins "may take some time to achieve."

HERMAN SMITH (manufacturing and electrical engineer)—Results for year to June 30, 1981 and prospects reported November 13 Current cost pre-tax profits £554,435 (£181,302) against historical £731,266 (£513,038). Fixed assets £1.73m (£1.38m). Net current assets £2.33m (£1.24m). Shareholders' funds £2.62m (£1.72m). Meeting, Birmingham, December 15, noon.

THIRD MILE INVESTMENT (property, stationery distribution, share investment)—For half year to June 30 1981: dividend 0.7p (same) net per 25p share; turnover £391,578 (£289,497); profits after tax £26,047 (£33,893); tax £13,171 (£19,904); attributable profits £23,028 (£31,821); stated earnings per share 0.96p (1.33p).

WOLSELEY - HUGHES (agricultural machinery, engineering and merchanting group)—Results for year to July 31, 1981, and prospects reported on November 12. Shareholders' funds £54.6m (£46.54m); current assets £85.36m (£87.25m); net current assets £36.57m (£37.97m). Meeting: Droitwich, Worcs., December 18, at 2.30 pm.

YARROW AND CO. (maritime and engineering consultancy and ticket systems company)—Results for year to June 30 1981 reported on November 3 in full preliminary statement. Shareholders' funds £16.78m (£16.56m); fixed assets £2.6m (£2.73m); investments £9.66m (£9.86m); net current assets £5.2m (£5.64m). Meeting, Glasgow, December 21, 3 pm.

BIDS AND DEALS

BASE LENDING RATES

A.B.N. Bank .... 15 %	Grindlays Bank ....‡15 %
Allied Irish Bank ...... 15 %	■ Guinness Mahon ...... 15 %
American Express Bk. 15 %	■ Hambros Bank .... 15 %
Amro Bank .... 15 %	Heritable & Gen. Trust 15 %
Henry Ansbacher ...... 15 %	■ Hill Samuel ....§15 %
Arbuthnot Latham ... 15 %	C. Hoare & Co. ....†15 %
Associates Cap. Corp. 15 %	Hongkong & Shanghai 15 %
Banco de Bilbao ...... 15 %	Knowsley & Co. Ltd.... 15½%
BCCI .... 15 %	Lloyds Bank .... 15 %
Bank of Cyprus .... 15 %	Mallinhall Limited ... 15 %
Bank Street Sec. Ltd.... 16 %	Edward Manson & Co. 16 %
Bank of N.S.W. .... 15 %	Midland Bank .... 15 %
Banque Belge Ltd. ... 15½%	■ Samuel Montagu ...... 15 %
Banque du Rhone et de la Tamise S.A. 15½%	■ Morgan Grenfell ...... 15 %
Barclays Bank .... 15 %	National Westminster 15 %
Beneficial Trust Ltd.... 16 %	Norwich General Trust 15 %
Bremar Holdings Ltd. 16 %	P. S. Refson & Co. ... 15 %
Bristol & West Invest. 16 %	Roxburghe Guarantee . 15½%
Brit. Bank of Mid. East 15 %	E. S. Schwab .... 15 %
■ Brown Shipley .... 15 %	Slavenburg's Bank ... 15 %
Canada Perm't Trust . 15½%	Standard Chartered ...‖15 %
Cavendish G'ty T'st Ltd. 15½%	Trade Dev. Bank ...... 15 %
Cayzer Ltd. .... 15 %	Trustee Savings Bank . 15 %
Cedar Holdings .... 15 %	TCB Ltd. .... 15 %
□ Charterhouse Japhet... 15 %	United Bank of Kuwait 15 %
Choulartons .... 16 %	Whiteaway Laidlaw ... 15½%
Citibank Savings ......¶15 %	Williams & Glyn's ... 15 %
Clydesdale Bank ...... 15 %	Wintrust Secs. Ltd. ... 15 %
C. E. Coates 15½%	Yorkshire Bank .... 15 %
Consolidated Credits... 15 %	
Co-operative Bank ......*15 %	
Corinthian Secs. ...... 15 %	
The Cyprus Popular Bk. 15	
Duncan Lawrie .... 15 %	
Eagil Trust .... 15 %	
E. T. Trust Limited ... 15½%	
First Nat. Fin. Corp... 17 %	
First Nat. Secs. Ltd.... 17 %	
Robert Fraser .... 15 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

Merger with Hongkong against interests of British banking system, says Royal

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Royal Bank of Scotland yesterday portrayed its possible takeover by the Hongkong and Shanghai Banking Corporation as against the interests of the British banking system.

The Royal defended its support for a rival £500m bid from Standard Chartered in a statement which put the Scottish bank's objections to the Hong Kong bank in the strongest terms yet.

The statement, "The Royal Bank of Scotland Group and the Public interest of the UK" came a few weeks before the report by the Monopolies and Mergers Commission on the rival bids is to be handed to the Government.

The Royal said that an important factor to be considered in a takeover by Hongkong and Shanghai was the allegiance of the latter to its Hong Kong base. It added that geography dictated that the bank would "remain dependent not only on the attitude of the UK Government but also on that of the Peoples Republic of China."

The statement added that the Hong Kong bank could not offer anything approaching partnership. The Royal would become only another subsidiary and any decision by Hongkong would be taken with the objective of maximising its profitability and position.

"The future policy of the Royal Bank Group would inevitably be determined in Hong Kong in competition with other strategic interests of the rest of the group."

The sting in the Royal statement came as it discussed the effects of a takeover by Hongkong on the British banking system.

The well being of the UK banking community depended on maintaining public confidence and this in turn required that the present system of banking supervision and control should not in any way be undermined, the Royal said.

It added that the Bank of England's approval should be given before any change in the ownership of UK banks, especially clearing banks is permitted. "It is a matter of public knowledge that no such approval has been given to Hongkong and Shanghai." It stated that the Royal and its UK subsidiary Williams and Glyn's were at the heart of the UK banking system.

"For them to be controlled from a remote base in a quite different environment could not be in the public interest. No other country with a developed economy such as the UK would permit an overseas bank to succeed in a contested bid, and one which was against the wishes of its central monetary authorities, for such a major institution at the centre of its banking system," the Royal said.

The Scottish bank said that an essential factor in its plans for international expansion was a UK base. As the largest clearing bank in Scotland the Royal interests coincided with the interests of the UK economy.

"This commonality of interests could not exist if an overseas bank such as Hongkong and Shanghai were to become the owner of an important part of the system's central core."

"It would almost certainly find from time to time that its global interests diverged from those of the UK, creating conflicting loyalties in its UK arm."

The Standard Chartered, as a British bank, represented the only chance of bringing together two sterling based, UK controlled, major banking groups whose existing operations were largely complementary and whose union would strengthen the British banking industry's international position, the Royal said.

It concluded that Standard Chartered would bring to the two banks in the Royal group strength which they could not achieve alone.

LONDON TRADED OPTIONS

Nov. 30 Total Contracts 2,335. Calls 1,906 Puts 429.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	240	102	1	110	..	—	—	336p
BP (c)	280	62	3	70	—	..	..	"
BP (c)	300	44	53	52	63	58	2	"
BP (c)	320	32	53	—	.	—		"
BP (c)	330	—	—	32	65	42	.	"
BP (c)	350	14½	120	—		..		"
BP (c)	360	-		20	27		—	"
BP (c)	380	4	17	—	..		..	"
BP (p)	300	6	20	12	—	18	2	"
BP (p)	320	10	58	—	..	—		"
BP (p)	330	..	..	20	1	28	.	"
BP (p)	350	24	10	..		..		"
BP (p)	360	—	—	38	70	—		"
CU (c)	120	22	6	25	6	39	.	137p
CU (c)	130	14	1	19	5	21	—	"
CU (c)	140	8	—	11	4	17	—	"
Cons. Gld (c)	460	46	1	60	1	75	1	490p
Cons. Gld (c)	500	24	18	35	1	55	6	"
Cons. Gld (c)	550	5	10	18	—	24	—	"
Cons. Gld (p)	420	4	—	7	10	..	—	"
Cons. Gld (p)	500	30	1	42	—	60	..	"
Court'lds (c)	50	25	..	28	2	30	-	74p
Court'lds (c)	60	15	41	19	58	20	5	"
Court'lds (c)	70	7½	45	11	48	13	1	"
Court'lds (c)	80	2½	8	—	—	..		"
GEC (c)	650	142	—	160	4	180	—	784p
GEC (c)	750	50	16	75	17	97	—	"
GEC (c)	800	23	57	40	13	57	—	"
GEC (c)	850	7	—	20	15	..		"
GEC (p)	800	35	—	44	11	50		"
Gr'd Met. (c)	160	27	5	33	.	38	—	183p
Gr'd Met. (c)	180	13	29	19	5	25	—	"
Gr'd Met. (c)	200	5	11	10	1		—	"
Gr'd Met. (c)	220	2	—	5	9		—	"
Gr'd Met. (p)	180	10	10	17	..	21	—	"
Gr'd Met. (p)	200	23	1	26	6	—	—	"
Gr'd Met. (p)	220	40	2	43	—		—	"
ICI (c)	260	44	3	50	1	58	—	296p
ICI (c)	280	26	27	34	10	44	—	"
ICI (c)	300	13	80	20	41	30	3	"
ICI (p)	260	4	67	8	3	12	5	"
ICI (p)	280	10	13	13	—	18	—	"
ICI (p)	300	10	5	22	3	26	—	"
Land Sec. (c)	336	6	3	—		—	—	317p
Mks & Sp (c)	100	32	—	36	1	39	—	150p
Mks & Sp (c)	110	23	—	27	3	30	—	"
Mks & Sp (c)	120	14	5	18	51	23	—	"
Mks & Sp (c)	130	7½	5	13	56	18	—	"
Shell (c)	360	56	7	66	3	74	—	412p
Shell (c)	390	30	9	42	15	52	10	"
Shell (c)	420	14	5	26	8	34	—	"
Shell (p)	360	3	2	9	—	14	—	"
Shell (p)	390	7	4	18	—	22	—	"
Shell (p)	420	22	2	26	5	28	—	"
		February		May		August		
Barclays (c)	420	70	3	75	—	90	—	473p
Barclays (c)	460	35	13	47	—	60	2	"
Barclays (c)	500	15	24	—	—	—	—	"
Imperial (c)	50	21	—	22	10	23	—	70p
Imperial (c)	60	11½	12	12	42	14	66	"
Imperial (c)	70	6	195	7	80	9½	72	"
Imperial (c)	80	2	44	—	—	..	—	"
Lasmo (c)	460	55	4	75	—	90	—	487p
Lasmo (c)	500	35	4	50	7	64	—	"
Lasmo (c)	550	19	—	35	3	—	—	"
Lonrho (c)	70	15	—	18	3	19	—	82p
Lonrho (c)	80	7½	2	10	6	12	—	"
Lonrho (c)	90	4	21	5	21	—	—	"
Lonrho (c)	100	1	10	—	—	—	—	"
Lonrho (p)	80	5	2	7	—	10	2	"
Lonrho (p)	100	20	2	—	—	..		"
P & O (c)	120	18	1	21	1	24	—	125p
P & O (c)	130	10	6	15	—	20	.	"
Racal (c)	420	32	6	45	3	58	—	420p
Racal (p)	360	8	75	15	—	—	—	"
Racal (p)	390	15	14	20	.	35	—	"
Racal (p)	420	25	4	30	2	35	—	"
Racal (p)	460	42	22	47	1	..	—	"
RTZ (c)	420	90	2	102	2	115	—	460p
RTZ (c)	460	60	2	77	1	84		"
RTZ (c)	500	40	23	57	1	--		"
RTZ (c)	550	20	14	35	1			"
RTZ (c)	600	15	—	25	1	-		"
RTZ (c)	650	9	1	—	-	--		"
RTZ (p)	460	17	2	22	—	29	—	"
RTZ (p)	550	77	2	82	—	—	..	"

C=Call P=Put

LBI in Australian takeover

BY WILLIAM HALL, BANKING CORRESPONDENT

Lloyds International, the Australian merchant banking arm of Lloyds Bank International (LBI) has taken over David Block and Associates, in a move which the UK bank says will make them into Australia's leading corporate finance operation.

The firm which Lloyds International is acquiring has been involved in most of the major Australian corporate takeovers in recent years and over the past 18 months has put together deals totalling A$2¼bn, making them the largest corporate advisory firm in the Australian market.

LBI has been represented in Australia since the early 1970s but it is only in the past few years that it has begun to expand rapidly, Lloyds International, its merchant bank. Since September 1978, Lloyd's International's assets have risen from A$82.3m to A$348.9m and net profits have increased from A$199,000 to A$1.954m.

Mr Brian Pitman, LBI's deputy chief executive said yesterday that his group had considered building up its own corporate finance expertise in Australia, but had decided to merge with Australia's market leader in this area.

David Block, Tony Parkes, Peter Mason and Arthur Charles will become executive directors of Lloyds in Australia and will continue to carry out their existing corporate financial advisory activities as a division of Lloyds.

LBI is unusual amongst major international banks in mixing its commercial and merchant banking activities internationally. Aside from Australia, it has similar operations in Hong Kong, Rio de Janeiro and Buenos Aires as well as other places.

Mr Pitman said yesterday that the cobination of merchant and commercial banking was the "cornerstone of LBI's international strategy." The bank puts considerable emphasis on generating fee income and other non-interest revenues.

He said that the combination of David Block and Associates "first class financial advice allied to Lloyds' lending muscle was an unbeatable combination."

The takeover comes at a time when the Australian financial system is in a state of flux as the Government considers the Campbell report, which recommends major changes in Australia's highly regulated financial markets. Mr Pitman said yesterday that if the report went ahead Lloyds would like to expand its involvement in the wholesale markets.

RTZ asked to clarify intentions about Tunnel

THE TAKEOVER Panel has asked the Rio Tinto Zinc Corporation, Britain's biggest mining group which is attempting to take over Thos. W. Ward and intends to bid for Tunnel Holdings, to clarify its obligations to make any possible bid for Tunnel.

The Panel has asked RTZ to make it clear that, "while RTZ continues to have an intention to make an offer for all the issued share capital of Tunnel Holdings not owned by RTZ or Ward, upon its offer for Ward becoming unconditional in all respects, RTZ does not in fact have an obligation under the City takeover code to do so, whether at 450p or any other price."

Ward owns 39 per cent of Tunnel (carrying over 42 per cent of the votes). RTZ has a significant holding in Tunnel representing 9.35 per cent of its equity (which in turn holds 8.71 per cent of the votes).

The highest price RTZ paid for its Tunnel shares was 450p each.

FIELDWOOD OFFER LAPSES

The offer by Fieldwood for Braham Millar has lapsed.

Acceptances received represented 15.2 per cent of Millar's share capital and with the shares held prior to the offer, Fieldwood holds 29.1 per cent.

Other than pursuant to the offer, no ordinary shares were acquired or agreed to be acquired by Fieldwood during the offer period.

RICHARDS AND WALLINGTON

The receivers to the Richards and Wallington Group have completed the sale of the Crawler Crane division of British Crane Hire Corporation to Graystone, a subsidiary of the British Electric Traction Co.

The receivers have also agreed sales of most of the remaining crane hire activities of the group.

The business of BCHC is continuing normally pending the completion of these sales, which are to a number of different parties, and pending the sale of those depots, not yet under offer, the receivers say.

MARTIN-BLACK

A pro-forma group balance sheet of Martin-Black, reflecting the disposal of the Canadian subsidiary and the receipt of the sale proceeds of £1.76m, shows bank loans and overdrafts down from £3.2m to £299,000 and net current assets up from £1.89m to £3.07m. Of the group's borrowings £1.79m were attributable to the Canadian subsidiary.

COURTAULDS FUND/ GRANGE TRUST

At the extraordinary general meeting of the Grange Trust, resolutions, including the special resolution effecting the capital reconstruction of Grange, were approved by the requisite majority. Accordingly the unconditional offer by the Courtaulds Pensions Common Investment Fund will be equal to the formula asset value.

As at November 17, 1981, the formula asset value amounted to 157.37p per ordinary stock unit of Grange and this value has been verified by Deloitte Haskins and Sells, the reporting accountants.

HEADLAM, SIMS

Associated Investments has acquired a further 52,500 ordinary shares in Headlam Sims and Coggins, bringing its holding to 198,500 shares (6.8 per cent).

ALEXANDER HOWDEN

On November 27, Alexander and Alexander Services bought 50,000 Alexander Howden shares at 137p each and 50,000 at 137½p making its holding 9m shares (9.87 per cent).

TARMAC

The offer from Tarmac for the Hoveringham Group is unconditional and remains open.

Acceptances received in respect of 10,621,368 ordinary and 7,331,236 restricted voting ordinary together represent 97.84 per cent of combined votes.

Hallite offer extended but no increase

General Tire and Rubber of South Africa, which is bidding £4.8m for Hallite Holdings, has extended its offer until December 22. The company said that this is a final closing date which will not be extended and it confirmed that the offer (200p per share) will not be increased.

General Tire now owns 26.88 per cent of Hallite. It has acceptances in respect of 195,436 shares. General Tire owned 480,537 Hallite shares prior to the offer, but has since sold 30,000 of such shares.

With the consent of the City Takeover Panel, General Tire has revised the offer to include such of those shares held before the offer as have been sold by General Tire or which it may choose to sell during the offer period.

Hallite is fighting the bid, regarding it as "unwelcome and wholly unacceptable." The Hallite shares gained 1p to 201p yesterday.

SAINSBURY SHARE SALES

J. Sainsbury yesterday notified the following sales of ordinary shares by directors on November 25: Sir John Sainsbury 300,000 (beneficial interest), Mr D. J. Sainsbury 250,000 (beneficial), Mr T. A. D. Sainsbury 15,000 (beneficial) and 50,000 (non beneficial).

These shares form part of a placing of 800,000 shares in Sainsbury which took place last Wednesday at 480p per share. The sale of the shares—which was on behalf of the Sainsbury family, family trusts and charitable trusts—was said by the company to be for "reasons of present or intended future commitments."

MATTHEW HALL

Following approval of the acquisition of the business and assets of Barnard and Burk, Inc., and a small affiliated corporation, Matthew Hall says the remaining conditions attaching to the acquisition have been fulfilled, and that completion has taken place.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	—	—	25	51	—	..	$415
GOLD C	$425	14	22	..	—	5	48	"
GOLD C	$450	4	10	43	20.50	—	—	"
GOLD C	$475	4	6A	3	14.50	..	.	"
GOLD C	$550	120	3.50	.	—	..		"
GOLD P	$375	10	5	21	8	..		"
GOLD P	$400	—	—	20	14	..		"
GOLD P	$425	2	23	5	25	—	—	"
12¾ NL 81 87-91								
C	F.105	220	1.80	12	3	—	—	F.105.90
C	F.107.50	4	0.90	..	..	113.1	1.70	"
P	F.102.50	12	0.50	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	—	—	—	—	1	3	F.102.50
10¾ NL 80 86-95								
C	F.95	30	2.80	—	—	5	4.40	F.96.50
C	F.97.50	20	1.20	—	—	1	2.60	"
P	F.95	—	—	20	2	—	—	"
P	F.97.50	20	2	—	—	—	—	"
		Jan.		April		July		
ABN C	F.300	13	4.50	16	9	5	10	Fr.292
AKZO C	F.22.50	40	1.70	—	—	..	—	F.23.30
AKZO C	F.25	—	—	226	1.50	5	2.20	"
AKZO P	F.22.50	10	0.50	—	—	—	—	"
AMRO C	F.50	—	—	—	—	10	6.50	F.54.10
AMRO C	F.55	21	1.50	9	2.60	26	3.30	"
KODA C	$60	—	—	—	—	10	13	$69[illegible]
KODA C	$70	—	—	—	—	10	6½	"
HEIN C	F.45	5	2.50	8	3.50	—	—	F.45.80
HEIN C	F.50	—	—	21	1.90	—	—	"
HEIN P	F.50	—	—	5	5	—	—	"
HOOG C	F.30	75	0.10	—	—	—	—	F.13.90
IBM C	$55	—	—	10	3	11	4[illegible]	$54[illegible]
KLM C	F.100	112	3.20	6	8.50	—	—	F.90.70
KLM C	F.110	81	1.40	20	5.50	—	—	"
KLM C	F.120	22	0.60	6	5A	—	—	"
KLM P	F.80	13	1.50	—	—	—	—	"
KLM P	F.90	30	3.50	—	—	—	—	"
NEDL C	F.150	28	4.40A	25	9	—	—	F.146.50
NEDL C	F.160	5	1.40	—	—	—	—	"
NEDL C	F.170	10	1	—	—	—	—	"
NATN C	F.120	10	0.70	—	—	—	—	F.110.80
PHIL C	F.17.50	—	—	—	—	10	3.50	F.20.10
PHIL C	F.20	163	0.90	127	1.60	260	2	"
PHIL C	F.22.50	10	0.30A	87	0.70	124	—	"
PHIL P	F.17.50	20	0.20	—	—	105	0.70	"
PHIL P	F20	15	1.10	—	—	—	—	"
PHIL P	F.22.50	50	2.60	—	—	—	—	"
RD C	F.80	122	9.80	—	—	—	—	F.88.40
RD C	F.90	279	3.50	116	7	5	8	"
RD C	F.100	115	1	325	3.10	—	—	"
RD P	F.80	105	—	30	2.50B	—	—	"
RD P	F.90	115	4.20	50	5.50	—	—	"
UNIL C	F.150	30	6.40	—	—	—	—	F.152.30
UNIL C	F.160	16	1.80	52	4.80	—	—	"
UNIL C	F.170	30	0.70	—	—	—	—	"
UNIL P	F.140	—	—	11	2.20	—	—	"
UNIL P	F.150	13	3.40	5	5.70	—	—	"
UNIL P	F.160	10	9	—	—	—	—	"
		Feb.		May		Aug.		
SLUM C	$60	8	2¼	—	—	—	—	$57[illegible]
VW C	DM.160	—	—	30	4	—	—	DM131.80

TOTAL VOLUME IN CONTRACTS 5118

A=Asked B=Bid C=Call P=Put

SHARE STAKES

Downs Surgical — Scottish American Investment has purchased 50,000 ordinary shares increasing its holding to 923,000 (6.16 per cent).

London Scottish Finance Corporation—On October 2 Mr Jack Livingstone, director, transferred 100,000 ordinary shares to his son Terence Livingstone, while Mrs Janice V. Livingstone transferred the same number to her daughter Vanessa Livingstone.

Tribune Investment Trust—Sir Rex Cohen, director, has sold 60,000 ordinary shares at 95p.

London and Continental Advertising Holdings — 846,000 ordinary shares have been sold on behalf of P. F. M. Shewell, receiver for investors' funds for Norton, Warburg Investment Management in liquidation: 200,000 have been purchased by the Iron Trades Employers Insurance Association as a result of which its holding amounts to 1.2m shares.

New Australia Investment Trust—Bank of Scotland 1876 Pension Scheme has acquired 500,000 shares (10 per cent). Life Association of Scotland has acquired 250,000 shares (5 per cent). Lloyds SF Nominees has acquired 250,000 shares (5 per cent).

Bertam Consolidated Rubber Company—Johore State Economic Development Corporation holds 3.96m ordinary shares (19.8075 per cent).

Glasgow Pavilion—John Tullis and Son haveacquired a further 36,000 ordinary share (3 per cent).

Kwik-Fit Holdings—Mrs Anne Farmer, wife of Mr Tom Farmer, chief executive, has acquired 100,000 ordinary shares.

Forward Technology Industries—Trustees of the G. S. J. Allen family trust have purchased 25,000 ordinary shares. The trustees, who are also directors of the company, are Mr K. Cobley and Mr J. E. Green.

Headlam, Sims and Coggins—Director have been informed by Associated Investments that it has acquired 146,000 ordinary shares of Headlam (5 per cent).

Sturla Holdings—Park Place Investments has increased its holding to 2.6m shares (9.96 per cent).

J. A. Devenish and Co.—Whitbread Investment Co. has increased its holding from 25.61 per cent to 26.32 per cent.

Graig Shipping—Idwal Williams and Co acquired 10,000 "A" non-voting ordinary shares, bringing its holding to 15,961 shares of that class (15.96 per cent).

Uniflex Holdings — Hillsdown Holdings has acquired 50,000 ordinary shares.

Manganese Bronze Holdings—Mr L. A. Jarvis and Mr R. D. Poore, directors, have disposed of 26,119 ordinary shares held by them as joint trustees.

Equity Income Trust—Following purchases totalling 43,000 shares, Cornhill Insurance held 742,000 ordinary (19.79 per cent) on November 26.

Rio-Tinto-Zinc—S. G. Warburg and Co, as an associate of Thos W. Ward, has sold on behalf of discretionary investment clients 22,500 ordinary shares of RTZ at 462p.

Louis Newmark — Britannic Assurance acquired 24,500 ordinary shares on November 23 increasing holding to 386,500 (13.03 per cent).

Brandon—J. C. Dwek, director, bought 8,000 ordinary shares on November 19 at 51p.

Stock Conversion and Investment Trust—Mr Joseph Levy, director, disposed of 50,000 ordinary shares.

Metalrax Group—Derek M. Coombs, director, acquired 45,000 ordinary shares.

Ewart New Northern—Precise Fifty Four sold 36,697 ordinary shares, reducing holding to less than 5 per cent of capital.

APPOINTMENTS

McArthur appointed Amway general manager

Mr Stewart McArthur has been appointed general manager of AMWAY (UK) and assumes responsibility for the company's activities in Britain and the Republic of Ireland. He succeeds Mr John Dodds who, has resigned to take up another post.

★

Mr Richard Graham St John Rowlandson has been appointed a director of the FINANCE AND INDUSTRIAL TRUST.

★

Following the offers by Benson Shoe for J. W. Wassal, Mr J. W. Wassall has resigned as chairman and Mr M. J. Smith, chairman of Benson Shoe, has been appointed chairman of J. W. WASSALL. Mr Wassall will continue as director of J. W. Wassall until his retirement on December 31.

★

Mr G. D. Affleck becomes SCOTTISH EQUITABLE'S branch manager in Nottingham on January 1. He succeeds Mr Allan Jack, who retires at the end of this year. Mr R. J. Albrow becomes pensions development manager, Bristol, and Mr C. W. Anderton pensions development manager, Sheffield, also on January 1.

★

Mr Barry McFadzean has taken up an appointment with CAZENOVE AND CO. This follows his resignation from the board of Australian Bank for personal reasons.

★

Professor R. H. Thornley is joining BEECHWOOD CONSTRUCTION (HOLDINGS) as a consultant to the companies in the mechanical engineering division. He is head of department of production technology and production management of Aston University.

Taylor Woodrow has formed a new company, TAYLOR WOODROW MANAGEMENT AND ENGINEERING, to provide an integrated engineering and management service to clients on multi-discipline projects. Directors will be Mr J. W. Rogers, chairman, Mr F. W. Jenkins, deputy chairman, Mr N. O. E. Lakin, managing director, Mr G. N. Davis, Mr R. G. Smith, Mr G. G. Fordyce and Mr J. P. Elliott, with Mr J. P. Reader, secretary.

★

HUME CORPORATION has elected Mr John F. Hampson and Mr Geoffrey L. Hyde as executive directors. Mr Hampson, who was financial controller at Charterhouse Japhet, will be responsible for administration and Mr Hyde will be looking after new business development.

INDUSTRIAL FUNDING TRUST, wholly-owned finance subsidiary of Hume Corporation, has elected Mr Kevin A. Lofting as a director.

★

Mr J. N. Gould has been appointed to the main board of AMBER DAY. Mr M. Zeff is stepping down from the main board, having reached normal retirement age but will continue as a joint managing director of the menswear division.

★

Mr Dennis Wall, previously construction director has been appointed managing director of the CROUDACE construction division, succeeding Mr David Abel who has left the company. Chairman of the Croudace Group, Mr J. B. Ratcliffe, is assuming overall responsibility for Maybrook Properties, of which Mr Abel was previously chairman.

IMF aid gives Zambia a breathing-space

By Michael Holman, recently in Lusaka

WHEN the International Monetary Fund (IMF) last month agreed at last to release SDR108m (£109m) under Zambia's three-year programme, hard-pressed bankers and businessmen heaved a sigh of relief.

The news of the much-needed injection of foreign exchange breaks into the lethargy which still hangs over Lusaka, in spite of a long-running treason trial and an equally lengthy dispute with the trade unions.

It is the hottest time of the year and the summer rains have not yet broken. Although it is even hotter in the Zambesi valley, expatriates and well-off Zambians flock there at weekends to sail and fish on Lake Kariba and go on shopping expeditions across the border in Zimbabwe.

Sporadic shortages of basic commodities in Zambian shops are one result of the foreign exchange problems experienced since the price of copper slumped in the mid-1970s.

Perhaps the critical economic barometer, however, is the level of arrears in import and other payments, which are now at their highest ever. They exceed Kwachas 600m (£356m), stretching back some two years and representing more than half Zambia's annual export earnings.

Copper production — the source of more than 90 per cent of foreign exchange — is unlikely to exceed 550,000 tonnes this year, the lowest for a decade. Cobalt prices (Zambia is Africa's second largest producer) have fallen and some 2,500 tonnes of the metal are stockpiled — nearly a year's production.

The value of Zambian mineral production in the first seven months of this year is Kwachas 545m, 26 per cent down on the same period last year. The debt service ratio is around 23 per cent and without the IMF injection, Zambia, which has never defaulted on external debts, would be hard pressed to meet its obligations.

Forced import curbs are another factor in falling government revenue, which may be 40 per cent below the estimate in the January budget. Industry is operating at around 50 per cent of capacity with ageing plant and machinery. The only bright note is that the past season's maize crop will meet domestic demands.

The economy thus remains in serious trouble, and would be in even worse straits were it not for the SDR 800m programme agreed with the IMF last May. The first payment of SDR 120m was rapidly swallowed up, among other things by meeting some of the most pressing arrears such as freight charges, uncovered commercial bank letters of credit and repayment of short-term commercial bank debt.

PRESIDENT KAUNDA
Stumping the country

However, the failure to meet some of the performance criteria under the programme agreed with the fund delayed payment of the second tranche of SDR 90m due in mid-August. An IMF visit in October paved the way for the drawing of the August tranche as well as a further SDR 90m originally scheduled for mid-November.

In addition, low copper prices entitled Zambia to draw further on the Fund's compensatory finance facility, from which it received SDR 59m recently.

For years Zambia has been undergoing a crisis of one sort or another. The mid-1970s slump in the price of copper devastated the economy, and the state-owned mines which contributed 53 per cent of Government revenue in 1973 provided nothing from 1977 to 1979 and only 6 per cent of revenue last year.

A combination of poor weather and mismanagement saw a slump in maize production in 1978 and 1979, and a serious food shortage was averted only by massive imports from South Africa.

The Rhodesian war brought devastation to Zambia. Guerrilla camps within a few miles of the capital were attacked by Rhodesian fighter jets, road and rail bridges were sabotaged and the country was indeed a front-line state.

With the war over and international attention focused elsewhere, Zambia has now become something of a regional backwater, preoccupied by a recession to which no end is in sight. The resilience and patience—some would term it lethargy—of the 5.7m Zambians is remarkable. The number of those in paid employment has remained stagnant at 375,000 for the past three years, while scores of thousands of school-leavers add annually to the pool of unemployed.

The standard of living has fallen steadily and the quality of social services has deteriorated. Outside the rumblings of discontent in the bars of Lusaka and the copper-belt there have been two serious challenges to the Government.

Last October President Kaunda revealed an attempted coup involving prominent citizens, senior military officers, South Africans and former Katangese gendarmes from Zaire. Thirteen men, including Mr Valentine Musakanya, former Bank of Zambia governor, are due in court later this month for a further stage of a protracted trial.

Perhaps more serious has been the strained relations with the right-leaning Zambia Congress of Trade Unions (ZCTU), which is critical of the Government's socialist policies. Tensions surfaced last year when 17 union activists were expelled from the ruling United National Independence Party (UNIP), Zambia's only legal party. The action was marked by a strike on the copper mines.

Two further strikes in mid-year were the last straw, and in a national broadcast President Kaunda accused certain union leaders of inciting the disturbances and acting against the State. Four top labour leaders, including Mr Frederick Chiluba, chairman of the ZCTU, were detained.

Fears that workers might come out in sympathy proved unfounded and the ZCTU, though it made threatening noises, backed away from confrontation. It did, however, challenge the validity of the detention orders and over the past four weeks all four labour leaders have been released. For the time being, at least, the court's decision has defused a potentially dangerous situation.

For a man who in the past year has survived an abortive coup, successfully confronted the trade unions and undergone nerve-racking delays over IMF payments, President Kaunda appears remarkably confident.

In the past few weeks since his return from the Commonwealth conference in Canberra, he has been stumping the country with an energy which belies his 17 years in office. It is, says a senior aide, "a housekeeping exercise," preparing the ground for the forthcoming annual Council meeting of UNIP.

Thanks to the IMF, he will be able to tell delegates that Zambia's larder, while poorly stocked, is not bare.

CONTRACTS

£3.5m improvements to A9 trunk road

The £3.5m contract for the construction of the Burnside to Broxden section of the A9 trunk road has been awarded to TRACTOR SHOVELS (CONTRACTS) of Fife. This 5.5 km section of road, designed for the Scottish Development Department by Babtie Shaw and Morton of Glasgow, forms part of the improvements to the A9 trunk road between Stirling and Perth. It will be dual carriageway and take two years to complete. Work has just started on site.

★

An order of nearly £500,000 from the Ministry of Defence (procurement executive) for airborne navigation systems has been won by RACAL-DECCA NAVIGATOR. A large part of the consignment is bound for Brize Norton in Oxfordshire for installation in RAF Andover flight navigation aid checking aircraft. The total order includes Mark 19 Decca Navigator receivers, Dectrac position fixing units and ancillary equipment.

★

Mothers-to-be in East Glamorgan will soon be enjoying the facilities of a new ante-natal clinic to be erected at the East Glamorgan Hospital, Church Village, near Cardiff, by S. WERNICK AND SONS, timber frame system building specialist whose £163,000 package deal includes a call system, fire detection installation, central heating, all floor coverings, plumbing, electrical and mechanical engineering services.

★

ROKOP DAVY has been awarded a contract to design, supply, erect and commission, an eight-strand, continuous, billet-casting machine for the British Steel Corporation at Scunthorpe. The basic contract value is £3m and the plant is scheduled to be in operation before the end of 1982. The machine will cast heats from the existing basic oxygen furnaces from 300-tonne ladles on two banks of four strands, to produce billets from 100 to 150 mm sq at casting speeds up to 4m/min. It is planned to produce a wide range of steels for the wire-drawing market.

★

KEARNEY & TRECKER MARWIN, Brighton, a Vickers company, has won a £2.5m contract to supply a complete manufacturing system to produce balancer frames for diesel engines. The installation, which consists of in-line and rotary transfer machines, is to be supplied to Perkins Engine Company, Peterborough. The lines will include in-process gauging, automatic tool adjustment and automatic load/unload. The complete line will be monitored from a single control centre using a data highway system.

★

EVE CONSTRUCTION has been awarded two contracts totalling £1.52m. The larger valued at £1.12m, is for the London Borough of Merton and involves strengthening existing foundations and refurbishment of 17 three-storey blocks of flats at Edinburgh Court off Grand Drive and Poplar Court, Gap Road, Merton. The other award, valued at £400,000, is for a two-storey building providing messing, changing, sanitary facilities for maintenance workers as well as office and storage accommodation. This contract which is located near Acton Town underground station, has been let by London Transport whose architectural department will be responsible for all design and site supervision.

★

HENRY BOOT SCOTLAND has been awarded a £1.5m contract for the construction of nine factory blocks on the Oakland Industrial Estate, Maryhill, Glasgow. These will contain 32 units each with steel-framed structures, reinforced concrete floors, and double skinned profiled metal cladding. External works are also to be undertaken in the 52-week contract for the Scottish Development Agency.

Four contracts worth more than £1.5m have been won by the Loughborough-based builders WILLIAM DAVIS. The company will be improving 53 homes at North Braunstone for Leicester City Council in a deal worth £306,412 and modernising 48 homes at Linton and Castle Gresley, Swadlincote, for South Derbyshire District Council, work worth £362,443. This authority has also awarded two further contracts together worth £874,420 to Davis's for demolishing 30-year-old houses at Hartsthorne, Swadlincote, following an unfavourable report from structural engineers, and building 48 replacement houses on two sites. The company's development division has negotiated the disposal of land on its Loughborough motorway trading estate at M1 junction 23. Davis will build a computer store there for the purchasers, the National Westminster Bank.

★

J. AND J. FEE, Southowram, Halifax construction division of the Fee Group, has recently been awarded contracts to build a 40,000 sq ft factory extension at Gelderd Road, Leeds for Oldham Signs, and a 27,500 sq ft industrial unit at Great Wilson Street, Leeds. Total value of both awards is £1.2m.

★

Embassy Hotels of Burton-on-Trent, has awarded a £1m plus contract to SIR ALFRED MCALPINE AND SON (SOUTHERN), for 50 bedroom extension to the Hogs Back Hotel at Guildford, Surrey, work also involves alterations to the existing building, including formation of a new single-storey conference room and adjacent alterations to form a conference suite. In addition, the contract includes provision of car parking facilities, together with road access and widening of the A31 on which the hotel is situated.

★

MILLER CONSTRUCTION NORTHERN has won a £1m contract from BP Petroleum Development UK for the construction and completion of the emergency services building at Sullom Voe. The work is expected to take about nine months and will start early in 1982.

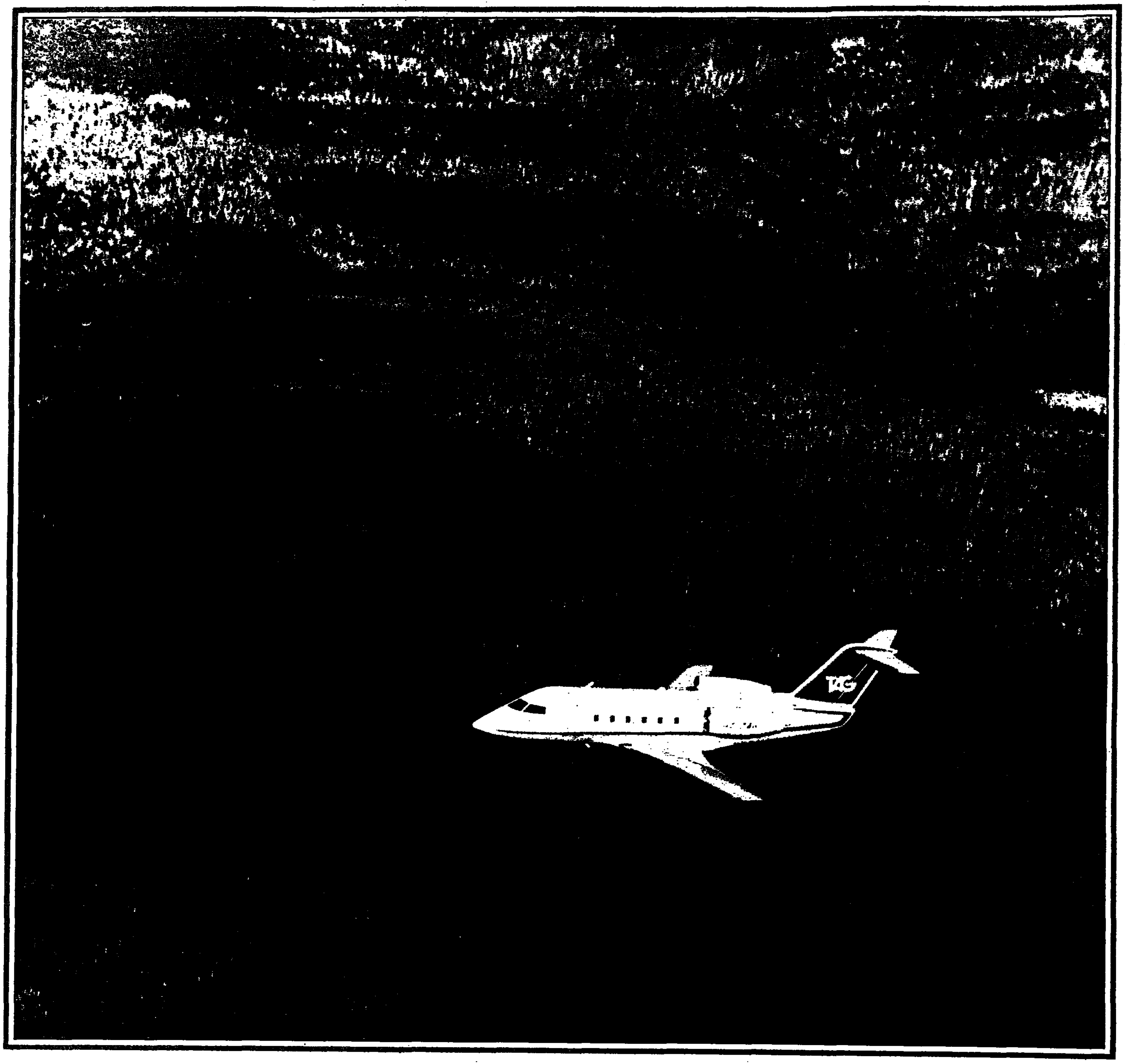
★

A steady flow of orders is being received by the TILBURY GROUP. Recent awards include two £500,000 plus contracts. The first, black-top carriageway sub-contract worth £580,000, has been placed with Tilbury Roadstone of Loddon, Norfolk, by Cementation Construction. Work involves surfacing the south-western section of Ipswich by-pass and will take place during the course of the next nine to 10 months. Tilbury Construction's Belvedere office is handling a £530,000 pumping station at Long Road, Canvey Island, under a 90 week contract placed by the Anglian Water Authority; the work calls for a sheet piled cofferdam, bored piling, large diameter steel and concrete pipework, the pumping station and generator building.

★

FLUIDRIVE ENGINEERING CO., a member of the AE Group, has been awarded a contract, expected to be worth nearly £1m, for four fluid couplings for the South of Scotland Electricity Board's nuclear power station at Torness. The contract was awarded by Weir Pumps, Cathcart, who are supplying four start-up and standby boiler feed water pumps as well as the two main steam driven boiler feed water pumps, for the 2 x 660 MW reactor/turbine generator units. The couplings incorporate two sets of step-up gears, capable of transmitting 9,100 hp at 7720 rpm to a start-up and standby feed pump from a 1483 rpm ac induction motor. The contract also includes a spare set of rotating parts. Delivery is scheduled in phases between December 1982 and April 1984. The couplings are used as hydraulic clutches to achieve the necessary controlled start-up of the pumps.

APART FROM THE CROWD.



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MINING NEWS

Wankie settles coal price deal with government

BY GEORGE MILLING-STANLEY

THE GOVERNMENT of Zimbabwe has reached a settlement with Wankie Colliery, the country's only coal producer, on the terms of the renegotiated coal price agreement, which regulates the prices of domestic sales of coal and coke.

Sir Keith Acutt, chairman of the company, which is controlled by Anglo American Corporation of South Africa, told yesterday's annual meeting that the agreement will enable prices to be influenced by the prevailing economic circumstances.

The Government now has the legal right to fix prices which, in its judgment, are sustainable, and in return has acknowledged Wankie's right to earn a fair return.

The definition of a "fair return" remains unchanged from the agreement of 1975, which guarantees Wankie a pre-tax return on domestic sales of 12.5 per cent on capital employed.

At the same time, Sir Keith said that both the Government and the company remain committed to the completion of the open-cast project to supply coal for the new power station close to the mine site, and the Government has given an undertaking that if the prices of coal and coke cannot be raised enough to provide sufficient funds, it will arrange to make the necessary finance available.

Quite apart from the effects on Wankie's profitability, a new coal price agreement was of vital importance for the expansion project, as it formed an integral part of the company's financing arrangements with international banks, the U.S. Exim Bank and the International Finance Corporation, an agency of the World Bank.

Sir Keith said he hoped these agencies would approve the new agreement, under which Wankie is seeking urgent adjustments to prices, when they are approached.

He added that Wankie expects to be in a position to supply coal for the power station's first 120-megawatt generator when it comes on stream in December next year, and for succeeding generators as they are installed.

"So far as we know," he said, "a decision on the final capacity of the station is yet to be made." Total expenditure on Wankie's behalf for the project is likely to be about Z$119m (£88m).

Turning to the new taxation proposals announced in July, Sir Keith echoed the fears of many other people in the mining industry in Zimbabwe when he described the proposals as a serious blow to the company.

He was particularly disturbed at the cut in the capital redemption allowance from 100 per cent to 30 per cent, and said this change will probably mean that Wankie will have to pay tax by 1988. Under the old position, no tax would have fallen due until the company had finished repaying all its loans, but there will still be significant amounts outstanding in that year.

The effects of this on cash flow are likely to be serious.

So far as the outlook is concerned, Sir Keith said the indications are that there has been very little improvement since the company's disastrous second half of the year to August 31, and the situation is "very serious indeed." There has, however, been some improvement in the transport position.

Hemerdon partners to split

THE Bermuda-registered Hemerdon Mining and Smelting, headed by Mr Carl ("Bud") Schwarzwalder, announces that it has conditionally accepted an option offer from the Royal Dutch Shell group's Billiton (UK) to buy the Bermuda company's 50 per cent stake in the Hemerdon tungsten and tin project at Hemerdon Ball, near Plymouth in Devon. America's Amax group holds the other 50 per cent.

If Billiton exercises the option it will pay a purchase price of $15m (£7.9m) to Hemerdon Mining and Smelting. Mr Schwarzwalder said: "We are in serious negotiation with Billiton concerning the purchase of the option and are expecting a price of $1m for this which would be deductable from the full $15m purchase price."

The decision of Hemerdon Mining and Smelting to sell its share of the venture will have been prompted, in part, by the difficulty in raising its full share of the financing cost for the project. t has been earlier estimated that the venture will requer some £44m.

While still confident that the tungsten venture would receive the necessary planning permission to go ahead with a full-scale mine, which could then reach production within five years, Mr Schwarzwalder told the Financial Times yesterday that the Billiton purchases deal, if it goes through, would give the shareholders of his company a much quicker return on their investment.

So far, Hemerdon Mining and Smelting has spent some $2.8m on its share of the project. The proposed $15m purchase price equals about 143p per share of Hemerdon Mining and Smelting—currently priced at 63p. The company is recommending shareholders to approve the deal, but at this early stage there are no further plans.

The deal is subject to certain conditions which include the ability of Billiton and Amax to agree on terms regarding the eventual exploitation of the Hemerdon Ball mine. In this respect, Amax, which is suffering financially like other major natural resource groups from the economic recession, might welcome a strong partner in the shape of Billiton.

PHARAOH GANE/ STIMPSON PERKINS

VOLUME OF work at the courts has meant that the petitions for the reduction in capital of Pharaoh Gane and Stimpson Perkins will now be presented on November 30, giving a probable effective date of December 3. Payment to preference shareholders will be made not later than seven days after the effective date.

Ranger uranium crosses another hurdle

AUSTRALIA'S big Ranger uranium mine in the Northern Territory has overcome another hurdle to staying in business. Last week the shutdown of its processing plant was ordered by the state's Minister for Mines and Energy because the operation may have breached environmental requirements.

The temporary closure was instigated because an island had appeared in Ranger's radioactive tailings (waste) dam on November 5. This waste must be covered by at least two metres of water, but the island remained unreported for about 14 days during which the toxic tailings were exposed to the air.

It was now reported that the offending tailings island has been covered by water and, as a result, Ranger is back in full production. The mine is owned by Energy Resources of Australia in which EZ Holdings and Peko-Wallsend each have a 30.5 per cent stake with the remainder split between the Australian public and several overseas customers.

Previously, trades union opposition to the export of Ranger's uranium oxide, "yellowcake," had resulted in some A$13m-worth (£7.8m) of the material being left on the dockside at Darwin.

But alternative arrangements were later made by the Northern Territory Government for non-union labour to load the material and these were expected to allow shipments to be made later this week.

Australia's Oakbridge coal and industrial group continues to press on with its growth after the setback of 1978-79. Net profits for the year to last June climbed to a record A$9.34m (£5.6m) from A$4.44m in the previous 12 months.

Mr Grahame Mapp, the chairman, says that results for the first quarter of the current year are well ahead of the same period of 1980-81 "and we expect the half year result also to compare very favourably with the previous period."

He again criticises the Federal Government's failure to remove the coal export levy when "most coal producers are making only modest profits at best." He believes that "any form of resources tax on the mining industry would be not only inequitable, but also regressive. However, if such a tax is to be applied it should be related to profitability."

* * *

Not surprisingly, Mr L. M. Jarman, chairman of Australia's North Broken Hill mining and investment house, says that lower base metal prices will leave the company with a lower net profit for the first half of the current year to next June. He adds that while recovery is "reasonably certain." it is difficult to predict exactly when this will occur.

* * *

Australia's WMC Finance, a wholly-owned subsidiary of Western Mining Corporation (WMC) is to issue US$50m of notes in the Eurodollar market with a final maturity of seven years.

The final terms are expected to be set on December 8, but in current market conditions a coupon of 15¼ per cent is expected.

The proceeds will be used to fund part of the mining group's capital expenditure programme and replace shorter term U.S. dollar borrowings.

Sir Arvi Parbo, chairman of WMC, said at the recent meeting in Melbourne that profits for the first half of the current year to next June would be "substantially lower" than the A$31.94m (£19.2m) earned in the same period of 1980-81.

AAA-MT MORGAN

The Australian Government has approved a proposal by Australian Anglo American (AAA) and Mount Morgan to enter into a 40-60 joint venture to re-treat tailings (waste) deposits from the gold mining operations at Mount Morgan, near Rockhampton in Queensland.

INTERNATIONAL COMPANIES and FINANCE

Paul Betts looks at the position of the bids by Mobil and U.S. Steel

Anxious time for Marathon shareholders

THE BATTLE for Marathon Oil enters a crucial stage this week with investors anxiously trying to assess which of the two offers made so far by U.S. Steel and Mobil is the most attractive and stands the best chance of winning.

For Marathon shareholders the decision is nerve-racking because there is still no certainty on the outcome of the takeover battle and the various deadlines for the competing bids are homing in.

Marathon holders have until Friday, barring any unforeseeable developments this week, to make up their minds. At midnight on Friday the so-called proration date for the cash portion of both the U.S. Steel and Mobil offers expires.

Proration dates have become a standard term in the Wall Street takeover vernacular this year and are probably the single most important aspect of any takeover, ultimately deciding the eventual outcome of a takeover contest.

In the latest wave of takeovers, Wall Street investment bankers advising companies bidding for other companies have sought to structure takeover deals to reduce as much as possible the cash cost of a potential takeover.

A company thus offers to buy a 51 per cent controlling interest in another company for a high cash price per share and subsequently offers notes or securities worth far less to complete the merger. The effective bidding is therefore focused on the 51 per cent cash offer of a deal.

By meeting the deadline for a proration date, a shareholder is guaranteed preferential treatment by the acquiring company. As only 51 per cent of the shares of the takeover target will receive the higher cash price, by getting into an offer's proration pool at an early stage the investor stands a good chance of getting cash for all the shares offered because the principle works on a first-come first-served basis.

But if the shareholder then decides to withdraw the shares and tender them to a competing bid, the position in the queue of the first proration pool is lost.

The shareholder thus has to select at an early stage the bid most likely to be successful. If the shares are not tendered to the right proration pool, the investor can end a relative loser as the best price for the shares will not be achieved.

However, once shares are tendered to a given proration pool, the investor automatically gets whatever final cash price a winning offer fetches.

U.S. Steel is currently offering $125 a share for 51 per cent of Marathon. It then plans to offer notes with a market value of about $88 a share for the remaining Marathon shares.

Mobil is now offering $126 a share for 51 per cent of Marathon. It then plans to offer notes with a market value of $90 a share for the rest of the company.

The investor must now decide by Friday in which pool to tender Marathon stock.

On the surface, at least, the Mobil offer looks more attractive as it is marginally higher in both cases and notes portions. But Mobil's offer is also conditional on a number of factors. Mobil has said it will withdraw its offer if it fails to win a court order barring Marathon from granting U.S. Steel options to buy its shares and assets.

These options cover U.S. Steel acquiring 10m new Marathon shares at $90 a share each and Marathon's 49 per cent interest in the Yates oil field in Texas for $2.8bn. These so-called "Sweetheart" options are designed to make any rival bid unattractive as the Yates field represents Marathon's crown jewel. Without the Yates field, Marathon's net worth would be almost halved.

But even if Mobil wins its court battle this week on the options issue, investors must also decide whether Mobil's bid will clear anti-trust reviews by both a Cleveland, Ohio, court and the Federal Trade Commission. Investors thus have to gamble that Mobil will overcome the anti-trust hurdles. If it does not, investors could be left high and dry.

During the battle for Conoco this summer, doubts that Mobil would not clear these anti-trust hurdles prompted Conoco shareholders to tender heavily to Du Pont and to Seagram.

U.S. Steel's friendly offer for Marathon is unlikely to face any anti-trust challenge. This, on paper, appears to make it a safer bet. But if the court rules against U.S. Steel on the options Marathon has granted, it would put pressure on the steel company to make its offer more attractive.

The gamble here is whether U.S. Steel is prepared to bid higher for Marathon. Investors must decide whether the steel company has the necessary resources and nerve to take on a bidding war with Mobil, or for that matter, another cash-rich oil company.

If the bidding gets too hot and U.S. Steel drops out of the race, shareholders who have tendered to the steel company will also be left high and dry.

Some concrete evidence on the various court cases are going is expected to emerge this week. Indeed, both cases should be resolved one way or the other. Investors thus will be biting their nails until the very last moment before opting for one or the other of the proration pools, which close at midnight on Friday.

About 50 per cent of Marathon shares are held by large institutions. These large shareholders are understood to have teams of legal and financial experts monitoring every move in the current battle. They will probably wait until the last moment, when they may feel more comfortable with the odds.

But they are not only watching U.S. Steel and Mobil, but also other companies sitting on the sidelines which could come into the battle. Among possible candidates are Gulf Oil, Texaco and Shell.

For the small investor, the decision is even more difficult. But there is a soft option. If the going is found too hectic, the small holder can cash in his shares in the open market. The profit may not be as great, but at least a respectable capital gain will have been made. Marathon shares have been trading at around $107 in New York, up from about $60 earlier this year.

Heavy U.S. credit markets calendar

By David Lascelles in New York

A HEAVY borrowing calendar amounting to several billion dollars in new debt faces the U.S. credit markets this week as corporations rush to take advantage of the recent decline in U.S. interest rates. This avalanche could bog the bond market rally down a bit, analysts say, though underlying investor demand seems to be holding up.

Many of the issues are tentative, with underwriters making day-to-day decisions depending on the market. Banks are leading the way with substantial debt issues designed to lock in funds at more attractive rates.

Bank of America and Crocker National Bank both plan to make $500m issues of the "zero coupon" variety, which means they carry no interest but are sold well below par to bring investors a return measured in terms of capital gain. Bank of America's Triple A-rated issue consists of five-year notes, and Crocker's of certificates of deposit. Being zero rated, they will, of course, yield the borrower considerably less than their face value.

Wells Fargo plans $200m of Double A-rated six-years notes, also with zero coupon. First Chichago is down for $100m of four-year notes which carry warrants to buy more of the bank's debt later on at rates which should be attractive if interest rates continue to decline.

In the corporate sector, Westinghouse Credit, the finance subsidiary of the large electrical equipment company, plans to sell $300m of Single A-rated eight-year zero coupon notes. RCA, whose recent problems have pushed its credit rating down to BAA, is down for $150m of seven-year notes.

Flood of new offers persists despite fall in Eurobond prices

BY ALAN FRIEDMAN

PRICES of fixed-interest Eurodollar bonds slipped ¼ point yesterday, but this did not deter the launch of $150m of straight dollar bonds, $80m of convertibles and a $50m floating rate notes.

A $100m seven-year issue for Texas Eastern, the U.S. energy group, was launched through Dillon Read. The coupon is 15⅛ per cent, as expected, and pricing is next Monday.

Another offer already expected was the $50m seven-year issue for Western Mining, the Australian company. The bonds bear a 15¼ per cent coupon and are callable in 1985 at 101, in 1986 at par and a half and thereafter at par. The manager is S. G. Warburg.

A $50m floating rate note is out for PKBanken, the Swedish bank. The 10-year paper carries a minimum coupon of 5 per cent and an interest spread of ¼ per cent above the six-month mean of the London bid and offered rates. The issue is led by PKB Investments.

Daiwa Securities, meanwhile, is leading the largest Japanese convertible offer since the slump of mid-September. Yesterday saw the launch of an $80m 15-year convertible for Mitsubishi Electric. The coupon is indicated at 5¾ per cent.

Daiwa also announced that terms have been fixed on the 5¾ per cent 15-year convertible for Renown Inc. the Japanese clothing maker. The volume has been increased from $30m to $35m.

In the D-mark foreign bond sector, a DM 75m five-year offer is being arranged privately for Philips Lamp, the Dutch group. BHF Bank is managing the issue, which carries a 9¾ per cent coupon.

As prices gained ¼ point last night, the DM 200m New Zealand issue was priced at 100¼. With a 9¾ per cent coupon the yield is 9.66 per cent, illustrating the health of this market.

● A $15m 15-year convertible offer for Sakai Heavy Industries of Japan was announced by Nikko Securities. The bonds are expected to carry a 6 per cent coupon. The target of the offer is the investing community of Singapore.

Swiss bank postpones SwFr 50m bond issue

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland yesterday confirmed the postponement until further notice of a planned bond issue of SwFr 50m whose maturity period and coupon were to have been announced this week.

The issue, which would have been the largest by a private domestic borrower in November, is said to have been withdrawn in the expectation of a further fall in capital market interest rates.

The bank's decision follows a growing demand for Swiss Franc bonds. With short-term rates declining, an increasing number of investors have been moving into long-term positions and a number of recent bond issues have been considerably oversubscribed.

This development has led to marked uncertainty on the part of potential borrowers. The bond market peaked in mid-October with a 7 per cent par issue by Credit Suisse and another issue upgraded to 6.75 per cent at 101 per cent by the Thurgovian Cantonal Bank.

American Stores ahead

By Our Financial Staff

A SUBSTANTIAL rise in profitability in the third quarter has put American Stores, the supermarket and drug store operator, back on track for increased earnings for the year to January, 1982. At the nine-month point, earnings now show only a minor fall at $32.9m, or $2.48 a share, against $33m a year ago, with sales 10.8 per cent up at $5.21bn.

In the first half of the year, although sales were 11 per cent ahead, earnings, hit by heavy promotional expenses, had fallen by 10 per cent. The group, formed in 1979 by the merger of American Stores and Skaggs Companies, has more than 1,000 retail outlets throughout the U.S.

The third quarter has brought a jump in earnings of one-third to $9.6m, although sales were $1.76bn, or 10.6 per cent higher.

Kuwait builds up Hoechst stake

BY KEVIN DONE IN FRANKFURT

MIDDLE EAST interests, in particular Kuwait, have built up significant shareholdings in Hoechst, West Germany's biggest chemicals group, according to reports from leading dealers on the Frankfurt stock market.

Speculation that the state of Kuwait has assembled a stake as large as 15 per cent in the group, which has a market capitalisation of around DM 5.9bn, is exaggerated according to some traders, however, and the company itself said yesterday that it had no information that such a large single shareholding had been built up.

Interest has been strong in Hoechst shares, according to dealers, particularly from foreign investors and much of the buying is thought to have been carried out in London.

Nevertheless the Hoechst share price has shown only modest fluctuations this year, trading in a band from DM 110 to DM 132 per share.

According to one dealer the share sales have been made chiefly outside the markets. The main sellers have been investment funds, which have been disposing of the stock to raise liquidity to pay off investors.

Hoechst is carrying out a new survey of its shareholders, the results of which should be known in February. The last survey, made in 1978, showed that about 19 per cent of the group's equity was held outside West Germany. About 10.7 per cent was held by investment funds.

Kuwait has had a long-standing interest in investing in West German industrial shares and already holds significant stakes in groups like Daimler-Benz (14 per cent), Metallgesellschaft (20 per cent) and Korf Stahl (25 per cent).

Foreign buying interest has also been reported recently in other leading West German chemical group shares. Professor Matthias Seefelder, chief executive of the BASF group, said last month it could not be ruled out that Middle East interests had assembled a holding of between 10 and 15 per cent

In the early 1970s, when Middle East purchase of German shares caused great controversy in the Federal Republic—in this period Iran also bought substantial stakes in Krupp and Deutsche Babcock — several large industrial groups, including BASF, introduced severe limits on the size of voting rights that could be exercised by individual interests.

AT and T forms new offshoot

By Paul Betts in New York

AMERICAN TELEPHONE and Telegraph (AT and T), the predominant U.S. telephone company, yesterday announced the first step in its broad proposal to set up a separate subsidiary to compete in the unregulated markets of the U.S. communications industry.

This is part of a far reaching proposal which will eventually see AT and T, or Ma Bell, as it is commonly known, split into two companies with one operating in the conventional regulated telephone business and a new company, already branded Baby Bell, operating in unregulated communications fields.

The move coincides with proposals to change U.S. communications legislation to enable the telephone company to compete in new sectors which have been barred to it until now. The changes in the legislation have been prompted by the transformation which has occurred in the communications industry, with traditional telephone services increasingly interlocking with data processing and other advanced developments.

AT and T presented to the U.S. Federal Communications Commission, the Government agency which regulates the telephone industry, its proposal to set up a new subsidiary yesterday.

Initially the new subsidiary will incorporate AT and T's operations in providing enhanced communications services and equipment.

AT and T said yesterday it plans to form the new subsidiary on or before next June. The subsidiary will then become a new corporate shell which will eventually incorporate other AT and T operations. These will include some of the data processing and advanced communications operations of Western Electric, AT and T's manufacturing subsidiary.

The new company will then be able to compete on equal footing to other data processing and communications groups in the unregulated sector of the U.S. communications market.

The telephone company also outlined yesterday the capitalisation plans for its new subsidiary. These will include a cash advance, or working capital, of $3m; physical assets of communications processing equipment valued at $56m; some $434m to finance initially the subsidiary's advanced communications services.

All initial capital required will be provided by AT and T in the form of equity capital and cash advances. The new subsidiary at this stage will employ about 850, AT and T said. Eventually, however, Baby Bell could turn into a $10bn corporation once all the pieces are gathered under the new corporate umbrella.

$225m credit for Woolworth

By Our New York Staff

F. W. WOOLWORTH Company, the large U.S. retailing group, yesterday announced that it had arranged two stand-by revolving credit agreements totalling $225m which it will use to pay down short-term debt.

The first is a $170m commitment by 13 U.S. banks led by Morgan Guaranty and Irving Trust, and the second a $55m multi-currency commitment by six foreign banks managed by National Westminster Bank of the UK and Commerzbank of West Germany. The second will be mainly in sterling and the D-mark, reflecting that Woolworth's principal overseas operations are in the UK and West Germany. Both agreements are for three years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15.

Closing prices on November 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	103¾	104¼	−0⅛	+0⅜	15.53
APS Fin. Co. 17¼ 86 ...	60	105⅛	105⅝	−0⅛	+0⅛	15.56
Br. Colum. Hyd. 16¼ 88	100	104⅞	105⅜	+0⅛	+1¼	14.99
Br. Colum. Mfa. 17 97	54	105⅝	105⅞	−0⅛	+1⅛	16.03
Caterpillar Fin. 16½ 86	100	104⅛	104⅝	−0½	+0⅛	16.15
CFMP 16¾ 96	100	103⅞	104⅜	0	0	16.00
CIBC 16¾ 91	100	106⅛	106⅝	+0⅛	+1	15.43
Citicorp Int. Fin. 15 86	150	101⅞	102⅜	+0⅛	+0½	14.28
Citicorp O/S 16¾ 88 ...	150	105½	106	+0½	+1⅝	14.97
Cities Service 17 88 ...	150	107⅛	107⅝	−0½	+0½	15.14
Con. Illinois 14¾ 84 ...	100	100⅞	101⅜	−0⅛	+0⅞	14.15
Cons.-Bathurst 17½ 88	60	104	104½	−0⅛	+1¼	16.42
CPC Fin. 16⅝ 86	50	106⅝	107⅛	+0⅛	+0⅛	14.60
Dupont O/S 14½ 88 ...	400	99	99½	0	0	14.68
EEC 14¾ 93	65	98⅜	98⅝	−0⅛	+0⅞	15.01
EIB 16¼ 88	100	103⅝	104⅞	−0⅛	+0⅛	15.49
EIB 16¾ 91	100	105¼	105⅝	−0⅛	+0½	15.63
Ford Cr O/S Fin. 16 85	150	99½	100	+0⅛	+0⅝	15.99
GMAC O/S Fin. 14¾ 87	100	99¼	99¾	+0⅛	+0⅞	14.82
GMAC O/S Fin. 16½ 84	300	103⅝	104⅛	+0⅛	+1½	14.74
Gulf States O/S 17½ 88	60	107¼	107¾	−0⅛	+0⅛	15.60
IBM Wld. Trade 14¾ 85	60	103¼	103¾	0	+0⅜	13.41
Nat. Bk. Canada 16½ 88	40	101⅝	102⅛	−0⅛	+0⅛	16.66
New Brunswick 17 88...	60	106¾	107¼	−0⅛	+0⅛	15.24
Newfoundland 17¾ 89...	60	107⅝	108⅛	+0½	+0⅜	15.39
Nova Scotia 15 91	75	100⅜	100⅞	+0⅛	+1⅛	14.82
Ohio Edison Fin. 17½ 88	75	103⅞	104⅜	−0⅛	−0⅛	16.42
OKG 15¾ 97	50	99¼	99¾	0	0	15.84
Pacific Gas Elec. 16 88	75	104¼	104¾	+0½	+2⅜	14.83
PSNH Int. Fin. 17 86 ...	30	103½	103¾	−0⅛	+0⅝	15.81
Quebec Hydro. 17¼ 91	150	107⅜	107⅞	0	+0⅛	15.66
Saskatchewan 16¾ 88...	100	103⅜	103⅞	0	+1⅛	15.36
Shell Canada 15¾ 91 ..	100	105⅛	105⅝	−0⅛	+0⅞	14.62
South California 14¾ 88	50	101⅝	102⅛	−0⅛	+1	14.23
Swed. Ex. Cred. 16½ 93	75	103⅛	103⅝	−0⅛	+1⅛	15.85
Tenneco Int. 17 89 ...	100	106⅝	107⅛	−0⅛	+0⅛	15.39
Transcanada 17¾ 88 ...	75	107	107½	−0½	+0⅛	15.89
Transcanada 16 89 ...	100	101⅛	101⅝	0	0	15.69
Walt Disney 15⅛ 86 ...	100	104	104½	0	+1⅛	14.40
Wells Fargo Int. 15½ 84	50	103¾	104¼	+0⅛	+0⅝	13.42
Winnipeg 17 86	50	106⅝	107⅛	−0⅛	+0⅛	14.88
World Bank 16 86 ...	210	103¼	103¾	+0⅛	+0⅞	14.77
World Bank 16 88 ..	80	103¼	103¾	+0⅛	+0⅞	15.04
World Bank 16½ 86	130	105	105½	−0⅛	+0½	14.85
World Bank 16½ 88	100	105	105½	−0⅛	+0⅝	15.17

Average price changes.. On day 0 on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99⅜	99⅞	0	+0⅛	10.07
Asian Dev. Bank 10¾ 89	100	101⅞	102⅜	+0⅛	+1	10.31
Austria Rep. of 8¾ 92	150	90⅛	90⅞	+0⅛	+0⅛	9.70
Belgelectric 11 91	100	101⅝	102⅛	0	+0⅜	10.67
CECA 10 91	120	102⅜	103⅛	+2	+1½	9.53
Council of Europe 10 91	100	99⅞	100⅜	+0⅛	+0½	9.94
Cncl. of Europe 10¾ 91	100	100⅜	100⅞	0	+0½	10.16
EIB 8½ 90	200	93⅞	94⅜	0	+1⅛	9.48
EIB 10½ 91	200	102⅝	103⅛	0	+1¼	9.97
ESCOM 9¾ 87	180	94⅞	95⅜	+0⅛	0	10.36
Finland, Rep. of 10 89	100	99½	99⅞	+0⅛	+0⅛	10.08
Ind. Bk. Finland 8½ 90	50	91⅛	91⅞	+0⅛	+0⅛	9.98
Int.-Am. Dv. Bk. 10 91	100	100⅛	100⅞	+0⅛	+1⅛	9.90
Japan Air Lines 8⅛ 87	100	95⅛	96⅛	+0⅛	+1½	9.08
Japan Dev. Bk. 7¾ 87	100	92⅝	93⅛	0	+0½	9.23
Midland Int Fin. 8¾ 90	180	94⅝	95⅛	+0⅛	+1⅛	9.35
Mt. Bk. Dnmk. 10½ 91	100	100⅜	100⅞	+0½	+0⅜	10.41
Nat. West 11 91	125	103⅞	104⅜	−0⅛	+0⅛	10.30
OKB 10⅛ 91	150	100⅝	101⅛	0	+0½	9.98
Renault Accept. 10¾ 86	150	100¾	101	0	+0⅛	10.53
Swed. Ex. Cred. 10¾ 91	100	99½	100	0	+0⅛	10.29
Venezuela, R of 9¾ 90	150	94⅝	95⅛	+0½	+0⅜	10.69
World Bank 11 91	100	103⅞	104⅜	+0⅛	+0½	10.27

Average price changes... On day +0⅛ on week +0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91...	60	†94½	95	+0⅜	+1⅛	7.28
BFCE 6½ 91	100	†94½	95	+0⅜	+0⅞	7.30
Bayer Int. Fin. 5¾ 92 ...	100	90¾	91	−0⅛	+0⅛	6.45
Belgelectric Fin 7¾ 91	100	102⅞	103⅛	+0⅛	−0⅛	7.30
Bergen, City of 6¾ 91...	40	100¼	100⅝	+0¼	0	6.69
CECA 6¾ 91	80	99	99¼	+0⅛	+0⅜	6.87
Dome Petroleum 5¾ 91	100	91½	91¾	+0⅜	+1	7.01
Dome Petroleum 7¼ 90	100	102⅞	103⅛	+0⅛	−0⅛	6.77
Elet. de France 5¾ 90	100	88½	88¾	+1⅛	+1⅛	7.02
Eurofima 5¾ 92	80	†94	94½	+0½	+5	6.50
Finland, Rep. of 5¾ 90	80	88	88¼	+0⅛	−0⅛	7.52
Fran. Petroles 6½ 91...	80	94¼	94½	−0½	+1⅛	7.35
Genstar 7 91	100	101⅞	102⅛	+0⅛	−0⅛	6.70
Int. Amer. Dv. Bk. 7 91	100	98⅛	98⅜	+0⅛	+0½	7.20
I/S Elsam 8½ 91	30	104⅛	104⅜	+0⅛	+0⅜	7.81
Japan Dev. Bank 5¾ 90	100	94¼	94½	+4⅛	−1⅛	6.67
Mt. Blanc Tunnel 5½ 90	60	88⅜	88½	+0½	−0⅛	7.34
Neder. Gasunie 8 91 ...	100	†105½	106	+0⅜	+0⅛	7.17
OKB 7 93	100	100¼	100½	+0⅛	+1⅛	6.94
Oslo, City of 8 91	100	104⅞	105⅛	0	−0⅛	7.27
Swed. Ex. Credit 7¼ 91	75	98⅜	98½	+1½	+1⅛	7.49
Trade Dev. Fin. 6⅛ 90	50	†91	91½	+0⅛	−1	7.51
Voest-Alpine 5¾ 90 ...	80	†87⅜	88¼	+0⅜	−0⅜	7.67
World Bank 6 91	100	91¼	91½	+0⅜	+0⅛	7.31
World Bank 7 90	100	100⅜	101	−0½	+1⅛	6.85
World Bank 8 91	100	104⅛	105	+0⅛	+0⅛	7.29

Average price changes On day +0½ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk 8¼ 91	15	99	100	+0½	+1	8.32
Australia 8½ 88	20	89⅛	90⅞	+0⅜	+0⅞	8.65
EIB 7¾ 89	12	97⅛	98⅜	+0⅛	+1⅝	8.12
Finland 8 8 88	10	90½	91⅜	+0⅛	+2⅞	8.73
Finland, Rep. of 8⅛ 87	15	98⅜	99⅛	0	−0⅛	8.53
New Zealand 8⅛ 87	15	99⅝	100⅜	−0⅛	−0⅛	8.33

Average price changes On day +0⅛ on week +0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†96⅛	97½	−0½	+0⅛	14.58
CIBC 11½ 85 C$	60	†92½	93½	−0⅛	+0⅛	14.03
Federal Dev 11½ 90 C$	60	†82	83	0	+2	15.24
Federal Dev 17¾ 86 C$	40	†106½	107½	+0½	+2½	15.58
Fst Can Inv 10 84 C$	50	†89	90	0	0	15.35
GMAC (Can.) 18 87 C$	60	†104	105	0	0	16.68
Tordom Cpn. 13½ 85 C$	30	†96½	97½	0	+0⅛	14.58

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	80¼	82	+0½	+1½	12.34
SOFTE 8¼ 89 EUA	40	76½	78	0	+2	13.25
U. Bk. Nwy. 9½ 90 EUA	18	87	88½	+0⅛	+6⅛	11.89
Algemene Bk. 10¼ 86 Fl	60	97¾	98¼	+0⅜	+1⅛	10.83
Amfas Group 12¾ 88 Fl	40	100¼	100¾	+0½	+1¼	12.10
Amro Bank 12 86 Fl ...	75	102½	103	+0⅜	+1¼	11.18
Amro Bank 12 86 Fl ...	60	100¾	101¼	0	+0⅞	11.71
Heineken NV 10 87 Fl...	100	95	95½	+0⅜	+0⅞	11.15
Pierson 10⅛ 86 Fl	50	95½	96	−0	+1⅛	11.84
Rabobank 12 86 Fl	50	101⅛	101⅝	+0⅛	+0⅛	11.55
Air France 14½ 86 FFr ..	200	91½	92½	+0⅛	0	17.15
Bk. America 14½ 86 FFr	250	92¾	93¾	0	+0⅞	16.86
Charb'nages 13⅞ 85 FFr	400	90¾	91¾	+0⅛	0	17.02
EIB 14⅛ 88 FFr	300	87½	88½	+0⅛	+0½	17.44
La Redoute 14¾ 85 FFr	125	90⅛	91⅛	+0⅛	+0½	17.68
OKB 14 86 FFr	400	90⅞	91⅞	−0⅛	−0⅛	16.97
Solvay et C. 14¾ 86 FFr	200	91⅛	92⅛	+0⅛	+0⅛	17.61
Swed. E. Cr. 14⅝ 88 FFr	250	90⅞	91⅞	+0⅜	+0½	17.52
U Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	+0⅛	17.27
Acona 14 85 £	20	91⅛	92⅛	−0⅛	−0⅛	16.96
Beneficial 14¼ 90 £ ..	20	84¾	85¾	−0⅛	+0⅛	17.62
BNP 13¼ 91 £	15	85¼	86¼	+0½	+0⅛	16.61
CECA 13½ 88 £ ..	20	90⅛	91½	−0⅛	+0⅞	15.74
Citicorp O/S 13½ 90 £	50	90¼	91¾	+0⅛	+0⅛	15.42
Fin. Ex. Cred. 13¾ 86 £	15	92⅞	93⅞	+0⅛	+0½	15.90
Gen. Elec. Co. 12½ 88 £	50	87¾	88¾	0	+0⅛	15.33
Hiram Walker 14¼ 86 £	25	94⅞	95⅞	+0⅛	+0⅛	15.71
Privatbanken 14½ 88 £	12	92⅞	93⅞	+0⅛	+0⅛	16.17
J. Rothschild 14½ 90 £	12	94½	95¼	+0⅛	+0⅞	15.34
Royal Trustco 14 86 £ ..	12	94½	95¼	+0⅛	−0⅛	15.76
Swed. Ex. Cr. 13¾ 86 £	20	92½	93½	+0⅛	+0⅛	16.06
Akzo 9¼ 87 LuxFr ..	500	86½	87½	−0⅛	−0⅛	12.51
Euratom 9¼ 88 LuxFr	500	86⅞	87⅞	−0⅛	−0⅛	12.84
Eurofima 10½ 87 LuxFr	500	89⅛	90⅛	+0⅛	−0⅛	13.12
EIB 9¾ 88 LuxFr ..	600	85⅞	86⅞	+1⅛	+1	13.09
Volvo 9¾ 87 LuxFr ..	500	85¼	86¼	−0⅛	−0⅛	13.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99⅝	100⅛	18/12	16⅛	16.77
Bank of Montreal 5¼ 91	0¼	100⅛	100⅞	29/4	17.06	16.96
Bk. Nova Scotia 5¼ 93	0¼	100½	101	29/4	17.06	16.94
BBL Int. 5 86	0¼	99⅞	100⅜	20/5	13½	13.48
BFCE 5¼ 88	0¼	100¼	100¾	26/4	16.94	16.86
Christiania Bk. 5½ 91	‡0¼	98⅝	99⅜	5/2	15.56	15.66
Co-Ban Eurofin 5⅛ 91.	0¼	99	99½	14/4	16.69	16.81
Den Norske Credit 6 90	‡0¼	98¾	99¾	5/2	15.56	15.64
Genfinance 5¼ 87 .	0¼	100⅞	101½	30/4	17.06	16.87
Genfinance 5¼ 92 .	0¼	98⅞	100⅜	30/12	18.31	18.29
Giro und Bank 5¼ 91	§0¼	99⅜	100¼	23/12	17½	17.50
GZB 5¼ 92	§0¼	98⅞	99⅜	5/12	17¼	17.40
Ind. Bank Japan 5¼ 89	0¼	100½	101	9/4	16⅛	16.50
Ind. Bank Japan 5¼ 88	0⅛	99¾	99⅞	9/5	13.31	13.28
Lloyds Eurofin 5¼ 92	§0⅛	99	99½	4/12	17.44	17.57
Lloyds Eurofin 5¼ 93	§0⅛	100¼	100¾	29/4	17.13	17.04
LTCB Japan 5⅛ 89	0¼	99½	100	15/1	18.32	18.36
Midland Int. Fin. 9 91.	0¼	100⅜	100⅞	30/4	17.06	16.98
Nacional Fin. 5½ 88	0¼	98¾	99¼	25/3	17.31	17.49
Nat. Bk. Canada 5¼ 88	0¼	100⅛	100⅝	24/3	17.31	17.25
Nat. West. Fin. 5¼ 91.	§0⅛	99⅝	100⅛	15/1	18⅛	18.15
Nat. West Fin 5¼ 92	§0⅛	100⅜	100⅞	23/4	17	16.89
Nordic Int. Fin. 5½ 91	0¼	99⅜	99⅞	6/5	15⅝	15.68
Pemex 6 91 ..	0½	98⅞	99⅜	8/4	17	17.19
Pemex 5¼ 88	0⅛	98½	99	14/2	18.81	19.05
Sanwa Int. Fin. 5¼ 88	0¼	100	100½	24/3	17¼	17.21
Sec. Pacific 5¼ 91	0⅛	99⅛	99⅝	24/5	13½	13.33
Societe Generale 5¼ 91	0½	99½	100	22/1	18⅝	18.67
Sparebanken 6 87 ..	0¼	98⅞	99⅜	19/12	16.61	16.96
Standard Chart 5¼ 91	0½	98⅞	99⅜	18/5	13.31	13.43
Sumitomo Fin. 5¼ 88	0⅛	100⅝	101⅛	6/2	19.56	19.37

Average price changes. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
*Ajinomoto 5¼ 96 ..	7/81	933	98⅞	100⅜	−0⅛	−2.43
Bow Valley Inv. 8 95 ..	4/81	23.12	104½	105½	+1½	19.71
Canon 6¾ 95 ..	1/81	829	107	109	−3⅛	−1.90
Daiwa Secs. 5½ 96 ..	12/81	539	†85½	87½	−0½	2.59
Fujitsu 4½ 96	10/81	6770	100⅝	102⅛	+0⅛	5.23
Furukawa Elec. 5¾ 96	7/81	300	126	127½	+1	−2.28
Hanson O/S Fin. 9½ 96	8/81	2.74	†88	89	+1	−1.65
Hitachi Cred Cpn 5 96	7/81	1966	101½	103½	+3½	13.96
Inchcape 8 95	2/81	4.55	†64½	66	+1	18.34
Kawasaki 5¾ 96	9/81	229	80¼	81¾	+0½	1.44
Marui 6 96	7/81	931	102½	104	+0⅛	−2.20
Matsushita El. 7½ 95.	11/80	590	95⅞	97⅜	+1⅛	1.96
Minolta Camera 5 96 ...	10/81	909	76½	78	0	9.80
Murata 5⅛ 96	7/81	2190	80⅛	81⅞	−2⅛	0.57
NKK 6½ 96	7/81	188	95½	97	+0⅞	−6.60
Nippon Chemi-C 5 91.	10/81	919	78	80	+0⅛	0.13
Ricoh 6⅛ 95	8/80	604	109⅛	111⅛	−3⅛	−3.92
Sanyo Electric 5 96 ..	10/81	652	79½	81	−0½	10.01
Sumitomo Met. 5¾ 96 ..	10/81	305	84½	86	0	−1.40
Swiss Bk. Cpn. 6¼ 90	9/80	200	†84	86	+2	23.92
Taylor Woodrow 8¾ 90	1/81	4.94	†80	81	+2	−2.98
Transco Int. 8¾ 95	2/81	68	†83	84½	0	29.43
Tricorp 8½ 95	12/80	31.26	†76	77½	−0½	39.94
Union Bk. Switz. 5 89...	2/80	70.79	†91½	93½	+2	11.05
Sharp Cpn. 6½ 98 DM...	9/80	591.8	160¼	161¼	−10⅛	−2.60
Uny Co. 6½ 85 DM....	11/79	879.3	105¾	106¾	+0⅛	0.02

* No information available—previous day's price.

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Interest rates and loan losses hit Commerzbank

BY STEWART FLEMING IN FRANKFURT

HEAVY LOAN loss provisions expected at the end of the year, securities write-downs and low lending margins will mean that Commerzbank, West Germany's third largest private commercial bank, will again be unable to report a profit in its current financial year.

In an interim report covering the first 10 months of the current year the bank reports that interest earnings on lending and on money market activities and income from securities rose 18.8 per cent compared with a 20 per cent rise in interest costs. The interest surplus is DM 878.5m ($397m) compared with DM 781.7m earned on average over the corresponding months of 1980.

Interim reports from German commercial banks give an indication of earnings from current business. But because important items which are only calculated at the end of the years are omitted, they do not present a complete picture of operations. Costs such as pensions provisions, as well as securities write-downs and loan loss provisions, are not included in the 10-month figures.

Commerzbank makes clear in its report, however, that high interest rates and loan loss provisions have again been a heavy burden on its activities in the current year. It points out that it has continued a cautious business policy and curtailed again its business volume. This remans unchanged since mid-year at slightly over DM 100bn for the group, a level similar to that reported at the end of 1980.

Commerzbank was in 1980 the first major German bank in the post-war period to announce that it would be unable to pay its annual dividend, and the bank has already indicated that there will be no dividend for 1981.

One of the main problems for the bank has been a volume of assets of some DM 20bn with fixed rate returns which have been financed with floating rate funds. As interest rates fall, however, the bank is expecting the burden on its profit and loss account from this mismatching to diminish.

The bank says that it is following a lending policy aimed at replacing government paper due by advances on both current account and by loans for investment purposes to both domestic and foreign business customers. It is also increasing the proportion of short-term loans in its balance sheet.

In order to produce a balanced profit and loss account for the year, the bank is having to write back to DM 50m special reserve item which arose last year when it disposed of its stake in Kaufhof, the stores group. The bank says that it anticipates a better earnings performance for 1982.

CGE expands cable operations

BY DAVID WHITE IN PARIS

FRANCE'S Compagnie Generale d'Electricite (CGE) group plans to strengthen its position in the international cable market by taking over part of the activities of West Germany's Gutehoffnungshuette (GHH).

Preliminary agreement has been reached between the two groups for CGE's subsidiary Cables de Lyon, the top French company in the field, to take over the cable operations of GHH's offshoot Kabelmetall.

The takeover will hoist Cables de Lyon from 10th position in the world league to number two, behind Pirelli of Italy, according to the French parent company.

The move, which takes place on the eve of CGE's nationalisation by the French Government, will boost the CGE group's turnover in the sector by more than half. The acquisition will add the equivalent of FFr 2bn in business to Cables de Lyon's current annual turnover of FFr 3.5bn ($630m).

It is aimed above all at absorbing the cost of developing new technology and reinforcing CGE's chances in the fibre optics field. CGE was left out of a new fibre optics programme put forward by the outgoing Giscard Government and involving two other big French groups—Saint-Gobain and Thomson — along with Corning Glass of the U.S. CGE had previously had an exclusive agreement with the U.S. company.

In exchange for its cable activities, Kabelmetall is to receive a minority shareholding in Cables de Lyon, plus a cash payment.

Hachette expects loss for year

BY OUR PARIS STAFF

HACHETTE, THE French publishing company being hived off by the Matra arms group as part of the Government's nationalisation plan, is expected to make consolidated losses of around FFr 30m ($5.4m) to FFr 50m this year.

This reversal from profits of FFr 50m in 1980 represents the cost to the company of a reorganisation project launched after its takeover by Matra about a year ago.

According to preliminary estimates, Hachette is setting aside about FFr 65m to FFr 70m to finance an early retirement scheme. It hopes to achieve savings of some FFr 40m a year in the longer term from this cut in staffing.

Turnover this year should amount to about FFr 7bn, while the company is hopeful that it will return to profits, at the consolidated level, next year. The parent French company, however, is likely to show yet another loss in 1982.

Under a special agreement with the French Government, Hachette is to be taken over by the leading shareholders in Matra when the arms and missiles group is formally nationalised.

But M Jean-Luc Lagardere, chairman of both companies, has already embarked on sweeping management changes in an effort to revitalise this fading star of French publishing. The group has begun with a big push in overseas publishing, and taken steps to expand its videocassette business.

Government to release plan for Reksten

By Fay Gjester in Oslo

THE NORWEGIAN Government is expected to announce today proposals for settling the drawn-out wrangle over the Reksten tanker group. The Government is believed to have in mind a solution which would involve sharing out the group's fleet among its major creditors.

These creditors are Hambros Bank, the London merchant bank which arranged a $161.5m loan to the group three years ago; Aker, the Norwegian shipbuilding group which built 10 of the 12 tankers in the Reksten fleet; and the state-backed Guarantee Institute (GI), which guaranteed the loan arranged by Hambros.

The proposals, expected to be published today, were agreed after a series of meetings last week between representatives of Hambros, Aker and the GI. According to Press reports here, Hambros has agreed to shoulder a sizeable share of the total Reksten debt and to transfer assets — cash and property— totalling some NKr 200m ($34.9m) to the Aker group and the GI.

Tough going for ITT unit

By Our Financial Staff

PROFITS OF Standard Elektrik Lorenz, which is 85.93 per cent owned by International Telephone and Telegraph will not be as good as expected for 1981, according to Herr Helmut Lohb, managing board Chairman. In 1980 net profit was DM 42.9m ($19.4m). The ITT unit earlier forecast that 1981 profits and turnover would show a marked improvement on 1980.

Herr Lohr said that 1981 turnover was expected to rise to DM 3.8bn from DM 3.3bn last year and an unchanged dividend payment of DM 10.5 a share is guaranteed for minority shareholders. The chairman declined to say whether the full dividend paymen twill be made to ITT.

Herr Lohr predicted harder times for the company in 1982, with a slower rate of turnover growth and more emphasis on quality than quantity.

CIT-Alcatel to launch French micro-chip machine

BY TERRY DODSWORTH IN PARIS

CIT-ALCATEL, the electronics subsidiary of France's Compagnie Générale d'Electricité (CGE) group, is launching a French-designed micro-chip manufacturing machine in an effort to reduce the country's dependence on U.S. imports.

The ion-etching machine, to be marketed at around FFr 800,000 ($143,000), was developed over the past 18 months in close collaboration with the French Industy Ministry and the telecommunications authority. About 25 per cent of the FFr 5m development costs came from public funds.

According to the company, the project fills an important gap in the Government programme for developing the country's micro-chip industry—the *plan composants* — that was announced three years ago backed by State funds of FFr 600m.

Aimed at ensuring France's own independent supply of semi-conductors, the plan has nevertheless had to rely heavily on imported technology. These imports have included both the design of the chips and the machines to make them, with the machines accounting for about half the total expenditure on imports.

The CIT-Alcatel GIR 200 machine is based on the company's vacuum technology which it already sells to the U.S. for incorporation into ion-etching products made in California.

The French group is hoping to make about 25 machines over the next 12 months, generating a turnover of around FFr 20m. It said yesterday that its aim was to capture about 25 per cent of the European market, benefiting from the expected takeoff in integrated circuit manufacturing within the EEC.

The first customer for the CIT product will be the Matra Harris group, which was itself a product of a Franco-U.S. collaboration project conceived as part of the *plan composants*. Further investment at the rate of about FFr 5m a year will go into research and development to keep up with a technology reckoned to have only about a three-year life cycle.

France's new Socialist Government has promised a further *plan composants* to continue the expansion of the domestic semi-conductor industry. But although some minor projects may be signed within the next few months, the full extent of the programme is not expected to be announced before the middle of next year, when plans for the Thomson Group, one of the companies due to be nationalised, have been drawn up.

CONTRACTS AND TENDERS

Jardine claims more than 200m votes against Pao merger

BY KEVIN RAFFERTY IN HONG KONG

JARDINE FLEMING, which is advising shareholders opposed to the merger of World International (Holdings) and Hong Kong and Kowloon Wharf and Godown Company, says it holds proxy votes for more than 200m shares, all opposed to the deal.

The Hong Kong merchant bank refused to give the exact number of proxy votes it holds but even 200m shares would be more than half way to voting down the scheme.

Opponents need at most just under 380m votes to block the plan assuming that Sir Yue-kong Pao abides by his pledge not to vote his block equal to 47 per cent of the 1.4bn Wharf shares.

Under the proposed scheme World, a shipping company 66 per cent owned by Sir Yue-kong and his family, will be absorbed by Wharf, of which 47 per cent is held by World. The plan has run into a barrage of criticism from minority shareholders who claim that they will have to suffer considerable asset dilution from the offer of under-priced Wharf shares for fully-valued World shares.

One question which is still unresolved is whether Jardine Fleming will be able to vote its 200m proxies, or whether it will have to collect fresh ones.

Under pressure from shareholders and from Hong Kong's takeovers committee, Wharf directors agreed to provide more time and information. The extraordinary general meeting to vote on the scheme, originally scheduled for tomorrow, will still be convened but adjourned immediately.

The meeting which will decide the issue will be held in late January. But an important technical question is whether the adjourned meeting will be reconvened—in which case the proxies can be used—or whether the January meeting will be considered a new one—in which case fresh proxies will have to be obtained.

Philippines back in Tokyo bond market

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES is returning to the Tokyo market for the first time since 1978 to float between Y10bn and Y15bn ($46m to $70m) of bonds. Proceeds of the issue, scheduled for December 10, will be used to cover part of the Government's 1982 budget deficit estimated at 11bn pesos ($1.4bn).

The bonds will carry a fixed annual interest rate of 9 per cent and a maturity of five years. Nikko Securities will be lead underwriter.

Mr Cesar Virata, Prime Minister and Finance Minister, said that it was a good time to tap the Japanese market because of the yen's strength against the U.S. dollar and lower interest charges on yen borrowings compared with the U.S. prime rate.

Meanwhile, the Philippine Central Bank is also looking for a group of foreign banks to syndicate a jumbo loan of $300m for early next year. Mr Jaime Laya, central bank governor, said that negotiations have started with certain banks and that the proceeds of the loan would be re-lent to private companies whose borrowings are expected to increase next year.

The Central Bank is trying to obtain similar terms to those on its last syndication—a $100m Eurocredit raised last August and led by BT Asia, the Asian arm of the Bankers Trust of New York. It bears a flat margin of only three-quarter per cent over London interbank offered rate (Libor) and a maturity of 10 years.

Foreign bankers in Manila doubt that the Philippines can get 10-year money this time. They say that the lacklustre performance of the Philippines' economy would not encourage international lenders to maintain last August's rate.

For the first time in seven years, Philippine's exports this year will show a drop — of five per cent — to some $5.4bn. Since the economy has been buoyed for the last three years by exports, the slowdown will adversely affect the country's credit rating and the overall economy.

The jumbo loan is part of a consolidated foreign borrowing programme, under which the Central Bank goes directly to loan windows and re-lends the proceeds to private and government borrowers.

TEN NATION CARRIER RUNS INTO PROBLEMS

Conflicting demands at Air Afrique

BY MARK WEBSTER, RECENTLY IN ABIDJAN

AIR AFRIQUE is an unusual multinational company with equally unusual problems. Owned and run by 10 African countries*, with French technical help, the airline serves 24 African cities with continental and inter-continental flights.

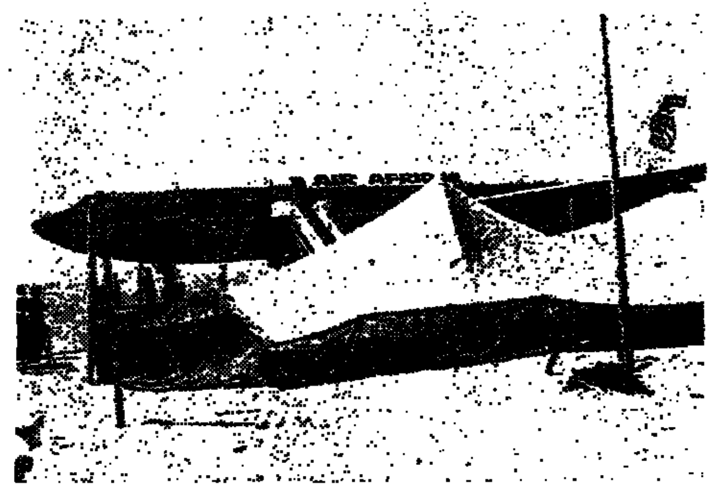
But the cold winds of price-cutting and soaring fuel costs affecting all airlines have combined with the particular problems of having 10 different owners to erode Air Afrique's traditionally marginal profitability. The airline showed its first operating loss in 1979 and has had to trim its overheads drastically to put it back in surplus for 1980.

The reorganisation carried out last year contributed towards the airline's profit CFAfr 865m ($3.06m) for 1980, which was 1.7 per cent of its turnover. The number of passengers rose by 5.6 per cent to 631,000 while the average load factor improved slightly to just under 58 per cent.

Even so, Air Afrique admits that the only thing protecting it from the problems of many other airlines is the practice of maintaining high fares. The monopoly it runs on most of its routes along with the French airline UTA has protected its revenues from price wars.

But that is beginning to change. The introduction of cheap charters by Le Point, an independent French company based in Mulhouse near the Swiss border, threatens to break the airline's comfortable monopoly. Le Point operates a charter to Ouagadougou in Upper Volta and nearly won the right to fly to Lome, Togo, until Air Afrique volunteered a cheap tourist service to dissuade the Togolese government from allowing Le Point landing rights.

Under the charter which the member states signed in 1961, Air Afrique should have exclusive rights to carry out air traffic. But with a number of countries as poor as Upper Volta anxious to encourage some tourism the airline is



under increasing pressure to match the newcomers. "We are obviously worried that having put on a charter service to Togo, other countries will demand one too," said the company in Paris.

If Air Afrique fails to respond to demands by one of the member states, there is always a danger they will join Cameroon and Gabon, which have already left to start their own airlines. "The possibility of one of the member countries of the company pulling out is a real sword of Damocles for Air Afrique," says M. Aousso Koffi, the Ivorian managing director of the airline.

The Ivory Coast, as the richest of the countries in the company, has long been rumoured to be on the point of pulling out. M Koffi strongly denies any such intention but the exploitation of oil in the Ivory Coast, combined with the fact that much of the airline's traffic originates from Abidjan, means that the government may yet decide to go it alone.

Even if the Ivory Coast does not withdraw, Air Afrique has problems enough to sort out in the future. Two of its biggest headaches are how to replace its ageing fleet, and how to put its finances on a sounder basis.

The company now has a Boeing 747 cargo aircraft which it purchased with an internationally syndicated credit backed by the Government of the Ivory Coast. It is also making arrangements to operate an A-300-B European Airbus. But other aircraft in its fleet which includes three DC-10s, six DC-8s and two Caravelles, are less fuel efficient.

The borrowing required to finance the purchase of the Boeing 747 has left Air Afrique with total debts of more than CFAfr 12bn and paid up capital of CFAfr 5.8bn. Although the decision was taken in 1979 to increase the company's capital, member states could not find the necessary cash to do so.

Shortage of funds among member states has also made it impossible for Air Afrique to buy out the 28 per cent stake held by Sodetraf (Société de Développement du Transport Aerien en Afrique) which is jointly owned by UTA and Air France.

UTA denies that it wishes to pull out of Air Afrique but the relations between the African company and UTA senior management were, until recently, very bad, according to people inside UTA. Until the money and expertise can be found to replace the French interests, it is inevitable that Air Afrique will continue to depend heavily on their help.

In the meantime, Air Afrique has to face its daily problems of satisfying each member state. Not only must it make sure that its staff reflect the equal interests of all ten countries but it is obliged to keep up services to countries which generate little traffic.

Air Afrique does not like the suggestion that some countries are subsidising others. It prefers to say only that places such as Bangui in the Central African Republic and Ouagadougou in Upper Volta generate less traffic. But it amounts to the same thing in the company's accounts.

"The fact is that if the company could slash the number of African cities it had to serve and stick to the profitable ones it could do extremely well. But that is politically unacceptable," said one aviation expert.

**The members are: Ivory Coast, Senegal, Central African Republic, Congo, Benin, Togo, Upper Volta, Niger, Mauritania and Chad.*

Adsteam in offer for Nylex

By Graeme Johnson in Sydney

ADELAIDE STEAMSHIP (Adsteam) has launched a A$78.4m (U.S.$91m) takeover bid for Nylex Corporation, the cash-rich Australian plastics processor. It appeared soon afterwards that counter-bidders were active in the stock market.

Adsteam is offering A$1.80 a share through its brewing subsidiary, Tooth and Company of Sydney. Adsteam said it bought 14.8 per cent of Nylex's shares last Friday in a number of large transactions which pushed up the share price to A$1.70.

Mr Henry Bosch, Nylex's managing director, reacted swiftly to Adsteam's unexpected offer. He told stock exchanges that discussions were underway "which could affect the price of Nylex shares."

Nylex said later that the talks concerned a proposal for the company to buy the melded plastic division of ICI Australia. About 24 per cent of Nylex's 39.98m ordinary shares are held by the local subsidiary of the UK chemical group.

Immediately after Mr Bosch's statement, Potter Partners, the Melbourne stock brokers, began buying Nylex shares at between 5 cents and 10 cents a share above the Adsteam offer.

Nylex has been regarded as a likely takeover target since the sale of its 50 per cent interest in Olex Cables to Dunlop-Olympic for A$56m. Mr Bosch said recently that Nylex has the cash equivalent of A$1.29 a share in the bank.

The most likely counter bid for Nylex could come from a joint partnership of ICI Australia and Dunlop-Olympic. If ICI emerged as the counter-bidder its offer would be subject to Foreign Investment Review Board approval. But the FIRB would look long and hard at any attempt by a subsidiary of an overseas group to entrench itself further into Australian industry without a bigger share of Australian ownership.

Singapore venture for Asher

By Georgie Lee in Singapore

SEVERAL local banks and Asher and Co. (Hong Kong) have set up Asher Security Printers (Singapore) to be engaged mainly in printing magnetic ink character recognition (MICR) cheques. Singapore is to bring in an automated cheque clearing system next year.

The company will be owned 50 per cent by Asher and Co. (Hong Kong), 25 per cent by the Development Bank of Singapore, and 25 per cent by ADP Holdings.

ADP is equally owned by Asia Commercial Banking Corporation, Far Eastern Bank, Industrial and Commercial Bank, Overseas Union Bank, and Tat Lee Bank.

Asher and Co. (Hong Kong) is itself a joint venture between Asher Australia and South China Morning Post, the Hong Kong newspaper publishers. It is a major supplier of MICR cheques in Hong Kong and the region.

CURRENCIES, MONEY and GOLD

Dollar recovers

The dollar recovered in currency markets yesterday to finish close to its best level of the day. This was still slightly down from Friday's closing levels in London however. Early trading saw the dollar lose ground on expectations of lower interest rates but it was bought during the afternoon, partly reflecting oversold positions and partly end of month book squaring. A 1.8 per cent fall in U.S. leading indicators down from 2.2 per cent previously, may also have helped the dollar.

Sterling suffered from early profit taking but strengthened on good demand around lunchtime before falling away towards the close to finish slightly easier compared to Friday's levels in London.

There was little overall change within the European Monetary System yesterday. The Italian lira was again the weakest member followed by the D-mark while the Danish krone maintained its position as the strongest currency.

DOLLAR — trade weighted index (Bank of England) fell to 104.9 from 105.3. The dollar closed at DM 2.2135 against the D-mark down from DM 2.2145 on Friday but up from a low of DM 2.1960. Similarly against the Swiss franc it finished at SwFr 1.77 from SwFr 1.7740. The dollar recovered against the Japanese yen to Y214.10, down from Y215.40 on Friday but up from a seven-month low touched earlier in the day at Y213.

STERLING — trade weighted index (Bank of England) fell to 91.8 from 91.9, having stood at 92.2 at noon and 91.9 in the morning. Against the dollar sterling touched a best level of $1.9750 around lunchtime but fell back to close at $1.9545-1.9555, a fall of 15 points from Friday. Against the D-mark it closed at DM 4.33 from DM 4.3350 and SwFr 3.46 from SwFr 3.4725. It was up slightly against the French franc however, at FFr 10.9450 from FFr 10.9375.

D-MARK—One of the weaker members of the European Monetary System, following the last currency realignment but recovering after trading close to its divergence limit for several weeks. It has also improved against the dollar, reflecting a lower trend in U.S. interest rates and despite doubts over Germany's economic prospects—The dollar was fixed at DM 2.2035 at yesterday's fixing in Frankfurt, little changed from earlier in the day but down from Friday's figure of DM 2.2247. Sterling was also weaker at DM 4.3330 compared with DM 4.3350 while the Swiss franc improved to DM 1.2485 from DM 1.2467. Within the EMS the French franc slipped to DM 39.06 from DM 39.68 per FFr 100 and the Belgian franc was lower at DM 5.9360 per BFr 100 from DM 5.9470 while the Dutch guilder rose to DM 91.38 per Fl 100 from DM 91.57.

ITALIAN LIRA — Weakest member of the EMS recently despite a reshuffle in the system, involving a devaluation of the weaker currencies, including the lira. Italy's poor economic performance and high inflation compared with its European partners have depressed the lira once again—The lira fell against most of its European partners at yesterday's fixing in Milan but improved against the dollar on expectations of lower U.S. interest rates. The Deutsche Mark rose to a record L537.57 from L536.14 and the Dutch guilder was fixed at its best ever level of L491.43 against L489.89. Sterling rose to L2,330.2 from L2,325.0, while the dollar slipped to L1,192.05 from L1,193.05. Meanwhile Italy's trade deficit in October narrowed sharply to L410bn from L2.15 trillion (million million) in September, and was the lowest monthly total for two years.

THE POUND SPOT AND FORWARD

Nov 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9500-1.9750	1.9545-1.9555	0.68-0.58c pm	3.87	1.45-1.35 pm	2.86
Canada	2.2975-2.3175	2.3000-2.3010	0.20-0.30c dis	−1.30	0.30-0.50dis	−0.70
Nethlnd.	4.73½-4.76½	4.73¾-4.74¾	1⅞-1⅝c pm	4.11	4⅛-4 pm	3.58
Belgium	72.75-73.30	73.10-73.20	par-10c dis	−0.82	20-30 dis	−1.37
Denmark	13.80-13.99	13.90½-13.91½	2¾-1¼ore pm	0.16	2¾-1¼ pm	0.58
Ireland	1.2180-1.2255	1.2190-1.2205	0.32-0.42p dis	−3.64	1.07-1.20dis	−3.62
W. Ger.	4.32-4.35½	4.32½-4.33½	1⅞-1⅜pf pm	4.50	5-4½ pm	4.39
Portugal	125.00-126.75	125.20-125.50	15-180c dis	−9.33	80-330 dis	−6.54
Spain	184.25-186.50	184.40-184.60	20-55c dis	−2.44	95-185 dis	−2.60
Italy	2,319-2,334	2,321-2,323	12-15lire dis	−6.98	39-43 dis	−7.06
Norway	11.13-11.22	11.14½-11.15½	¾-1½ore dis	−0.94	1⅛ pm-par	0.22
France	10.89-10.97	10.94-10.95	½-1½c dis	−1.10	4¼-5¼ dis	−1.74
Sweden	10.60-10.70	10.60-10.61	1¾-¾ore pm	1.13	5-4¼ pm	1.74
Japan	418-423	418¼-419¼	3.10-2.80y pm	8.45	7.90-7.60 pm	7.40
Austria	30.10-30.55	30.15-30.20	18-13gro pm	6.16	41-31 pm	4.77
Switz.	3.45-3.49	3.45½-3.46½	2-1½c pm	6.07	3½-3 pm	3.76

Belgian rate is for convertible francs. Financial franc 81.10-81.20. Six-month forward dollar 1.90-1.80c pm. 12-month 2.35-2.15c pm.

THE DOLLAR SPOT AND FORWARD

Nov 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9500-1.9750	1.9545-1.9555	0.68-0.58c pm	3.87	1.45-1.35 pm	2.86
Ireland†	1.6075-1.6130	1.6100-1.6130	1.05-0.95c pm	7.45	2.65-2.45 pm	6.33
Canada	1.1750-1.1780	1.1771-1.1774	0.54-0.57c dis	−5.65	1.04-1.08dis	−3.60
Nethlnd.	2.4080-2.4270	2.4230-2.4270	0.14-0.04c pm	0.45	0.50-0.40 pm	0.75
Belgium	37.08-37.24	37.22-37.24	12-18c dis	−4.51	38-43 dis	−4.35
Denmark	7.0700-7.1150	7.1100-7.1150	½-1ore dis	−1.48	2¾-3¼ dis	−1.70
W. Ger.	2.1960-2.2160	2.2130-2.2140	0.25-0.20pf pm	1.22	0.98-0.93 pm	1.72
Portugal	64.00-64.50	64.00-64.25	30-110c dis	−13.10	70-240 dis	−9.67
Spain	94.20-94.45	94.35-94.45	40-48c dis	−5.59	115-125 dis	−5.08
Italy	1,181½-1,187	1,185-1,187	9¾-11lire dis	−10.50	27-30 dis	−9.62
Norway	5.6720-5.6925	5.6825-5.6875	2.15-2.65ore dis	−5.06	3.60-4.10dis	−2.71
France	5.5500-5.6050	5.5975-5.6025	2.25-2.35c dis	−4.95	6.30-6.55dis	−4.62
Sweden	5.4145-5.4340	5.4290-5.4340	1.05-1.20ore dis	−2.49	1.25-1.40dis	−0.98
Japan	213.00-214.50	214.05-214.15	0.90-0.75y pm	4.62	2.50-2.35 pm	4.53
Austria	15.45-15.50	15.49-15.50	4½-2¼gro pm	2.71	10½-6½ pm	2.19
Switz.	1.7600-1.7725	1.7695-1.7705	0.43-0.35c pm	2.64	1.05-0.98 pm	2.29

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Nov. 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.8	−32.3
U.S. dollar	104.9	−1.1
Canadian dollar	88.6	−16.0
Austrian schilling	117.5	+24.7
Belgian franc	106.0	+9.0
Danish kroner	88.9	−9.1
Deutsche mark	122.8	+43.3
Swiss franc	154.3	+105.4
Guilder	115.3	−19.6
French franc	81.6	−13.9
Lira	55.5	−57.6
Yen	147.4	+41.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.604988	0.565286
U.S. $	13	1.17398	1.102311
Canadian $	15.32	1.38307	1.29841
Austria Sch.	6¾	18.3742	17.2189
Belgian F	13	43.8570	41.2531
Danish Kr.	11	8.41450	7.90080
D mark	7½	2.60905	2.45374
Guilder	9	2.85688	2.68412
French Fr.	9½	6.59190	6.18285
Lira	19	1398.80	1315.05
Yen	6¼	253.462	238.319
Norwgn. Kr.	9	6.74452	6.32560
Spanish Pta.	8	111.645	104.885
Swedish Kr.	11	6.41345	6.02246
Swiss Fr.	6	2.08593	1.96762
Greek Dr'ch.	20½	—	61.9387

OTHER CURRENCIES

Nov. 30	£	$		£ Note Rates
Argentina Peso	13,282-13,302†	6734-6754†	Austria	30.40-30.70
Australia Dollar	1.6975-1.6995	0.8680-0.8685	Belgium	80.60-81.60
Brazil Cruzeiro	237.67-238.67	120.54-121.14	Denmark	13.89-14.01
Finland Markka	8.380-8.392	4.2805-4.2825	France	10.90-11.05
Greek Drachma	107.389-110.677	55.50-56.70	Germany	4.31½-4.35½
Hong Kong Dollar	10.96-10.98	5.60-5.61	Italy	2320-2370
Iran Rial	152.80*	78.40*	Japan	422-427
Kuwait Dinar (KD)	0.545-0.551	0.2793-0.2796	Netherlands	4.71½-4.75½
Luxembourg Fr.	73.10-73.20	37.22-37.24	Norway	11.15-11.25
Malaysia Dollar	4.3840-4.3940	2.2400-2.2440	Portugal	126-136
New Zealand Dlr.	2.3210-2.3250	1.1865-1.1875	Spain	185-196½
Saudi Arab. Riyal	6.68-6.74	3.4185-3.4205	Sweden	10.61-10.71
Singapore Dollar	4.0090-4.0190	2.0480-2.0505	Switzerland	3.45½-3.49½
Sth. African Rand	1.8770-1.8790	0.9600-0.9610	United States	1.95-1.98
U.A.E. Dirham	7.18-7.24	3.6700-3.6730	Yugoslavia	86-93

†Rate given for Argentine is the commercial rate. The financial rate for sterling is 20,921-20,961 and for the dollar 10,600-10,650. *Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.2593	+1.23	+0.36	±1.5368
Danish Krone	7.91117	7.88965	−0.27	−1.14	±1.6412
German D-Mark	2.40989	2.45193	+1.74	+0.87	±1.1077
French Franc	6.17443	6.18834	+0.23	−0.64	±1.3733
Dutch Guilder	2.66382	2.68264	+0.71	−0.16	±1.5063
Irish Punt	0.684452	0.690744	+0.92	+0.05	±1.6688
Italian Lira	1300.67	1317.08	+1.26	+1.02	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for November 30 .... 0.565457

EXCHANGE CROSS RATES

Nov. 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.955	4.330	418.8	10.945	3.460	4.743	2322.	2.301	73.15
U.S. Dollar	0.512	1.	2.215	214.2	5.598	1.770	2.426	1188.	1.177	37.42
Deutschemark	0.231	0.452	1.	96.71	2.528	0.799	1.095	536.3	0.531	16.89
Japanese Yen 1,000	2.388	4.669	10.34	1000.	26.14	8.263	11.33	5545.	5.494	174.7
French Franc 10	0.914	1.786	3.956	382.6	10.	3.161	4.333	2122.	2.102	66.83
Swiss Franc	0.289	0.565	1.251	121.0	3.163	1.	1.371	671.1	0.665	21.14
Dutch Guilder	0.211	0.412	0.913	88.30	2.308	0.730	1.	489.6	0.485	15.42
Italian Lira 1,000	0.431	0.842	1.865	180.3	4.714	1.490	2.042	1000.	0.991	31.50
Canadian Dollar	0.435	0.850	1.882	182.0	4.758	1.504	2.062	1009.	1.	31.80
Belgian Franc 100	1.367	2.673	5.919	572.5	14.96	4.730	6.483	3174.	3.145	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 30)

3 months U.S. dollars		6 months U.S. dollars	
bid 12	offer 12 1/8	bid 12 5/8	offer 12 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15⅜-15⅝	11⅝-11⅞	17-18	11-11¼	3½-4	11-11⅛	15½-15½	17-20	12-14	8-8½
7 days' notice	15⅜-15⅝	11⅝-11⅞	17-18	11⅛-11¼	5½-6	10⅞-11⅛	15½-15½	20½-23	14½-17	7½-8⅛
Month	15⅜-15⅝	11⅝-11⅞	16⅜-16¾	11⅛-11¼	9¼-9⅜	10⅞-10⅞	16-16¼	21⅛-22	15¾-16½	7⅜-7⅝
Three months	15⅝-16⅛	11⅞-12⅛	15⅜-15¾	11⅛-11¼	9½-9⅝	10⅞-10⅞	16½-16⅞	22-22½	16¼-16¾	7¼-7½
Six months	14⅞-15⅛	12⅛-12⅜	15⅜-15¾	11¼-11⅜	9½-9⅝	10⅛-10⅜	17½-17¾	22⅝-23	16½-17	7⅛-7¾
One Year	14½-14⅝	13-13¼	15⅞-16	11¼-11⅜	8⅞-9	9⅝-9⅞	17⅞-18⅛	22⅝-23⅝	15⅜-15⅞	7⅛-7¾

SDR linked deposit one month 11⅝-12 per cent; three months 11¹³⁄₁₆-12³⁄₁₆ per cent; six months 12¼-12⅝ per cent; one year 12⅝-12⅞ per cent.

ECU linked deposit: one month 13¾-13⅞ per cent; three months 13⁹⁄₁₆-13¹⁵⁄₁₆ per cent; six months 13⅞-14¼ per cent; one year 13⅞-14¼ per cent.

Asian $ (closing rates in Singapore): one month 11⅝-11⅞ per cent; three months 12¼-12⅝ per cent; six months 12½-12⅞ per cent; one year 13⅛-13½ per cent. Long-term Eurodollar two years 14-14¼ per cent; three years 14¼-14½ per cent; four years 14½-14¾ per cent; five years 14¾-15 per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.50-11.60 per cent; three months 11.55-11.65 per cent; six months 12.00-12.10 per cent; one year 12.50-12.60 per cent.

MONEY MARKETS

London rates firm

London clearing bank base lending rates 15 per cent (since November 10)

Short-term interest rates were firmer in the London money market yesterday, but trading was very quiet as doubts increased about a further reduction in bank base rates. This reflects expectations of tight credit conditions for several months in the face of heavy tax payments, while the level of business was also tended to run down as books are squared at the end of the year.

In the interbank market three-month money touched 15⅞ per cent, and closed at 14⅞-15 per cent, compared with 14¹³⁄₁₆-14¹⁵⁄₁₆ per cent on Friday, and seven-day funds rose to a peak of 15⅞ per cent, before finishing at 15⅜-15 per cent, against 15⅜-15⅝ per cent previously.

At first the authorities forecast that conditions would be flat yesterday, and suggested that the major factors were: bills maturing in official hands −£90m, partly offset by Exchequer transactions +£185m, and a fall in the note circulation +£65m.

The Bank of England did not operate in the market during the morning, but revised the forecast to a shortage of about £50m in the afternoon. Assistance was given totalling £130m, made up of £2m bank bills in band 1 (up to 14 days maturity) at 14⅞ per cent; £95m bank bills in band 2 (15-33 days maturity) at 14⅞ per cent; and £33m bank bills in band 3 (34-63 days maturity) at 14⅞-14¾ per cent.

Indications that the help may have been overdone pushed the interbank overnight rate down to 10 per cent at the close, after opening at 15⅞-15½ per cent and rising to 15⅞-16 per cent in the afternoon.

In Frankfurt the Bundesbank special Lombard facility remains at 11 per cent, despite speculation of a cut in the near future. A Press conference will be held on Thursday following the central bank council meeting, where a decision will be taken on West German money supply growth targets for 1982, but there is no indication at present whether the council will also discuss the possibility of a fall in key lending rates.

In Amsterdam short-term interest rates showed an easier trend, and Algemene Bank Nederland, one of the Dutch commercial banks, lowered the surcharge on its basic lending rate to ½ per cent from 1 per cent. At the same time the Dutch central bank announced a record allocation of Fl 3.296bn per day for 14 days from today to supplement its normal quota facility. Amsterdam call money fell to 10⅞-10⅞ per cent from 11-11½ per cent.

GOLD

Weaker trend

Gold closed $3½ an ounce lower than Friday's close in the London bullion market yesterday at $408½-409½. The metal opened at $416-417 and was fixed during the morning at $415.50. Afternoon selling reflected nervousness after the opening of U.S. centres and a firmer trend in the dollar. It was fixed in the afternoon at $414.50 before falling away towards the close.

In Paris the 12½ kilo bar was fixed at FFr 75,600 per kilo ($423.33 per ounce) in the afternoon, compared with FFr 75,550 ($422.63) in the morning and FFr 75,500 ($418.58) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,580 per kilo ($416.98 per ounce) against DM 29,545 ($413.02) and closed at $414½-415½ from $411-412 on Friday.

In Luxembourg the dollar per ounce equivalent of the fixing level was $416.00.

	Nov. 30		Nov. 27	
Gold Bullion (fine ounce)				
Close	$408½-409½	(£209-209½)	$412-413	(£211-211½)
Opening	$416-417	(£211½-212)	$411½-412½	(£212-212½)
Morning fixing	$415.50	(£211.698)	$411.25	(£211.114)
Afternoon fixing	$414.50	(£211.318)	$411.60	(£211.026)
Gold Coins				
Krugerrand	$421½-422½	(£215¾-216¼)	$425¼-426¼	(£217½-218)
1/2 Krugerrand	$216½-217½	(£111-111½)	$218¾-219¾	(£112-112½)
1/4 Krugerrand	$110½-111½	(£56½-57)	$111½-112½	(£57-57½)
1/10 Krugerrand	$45-46	(£23-23½)	$45½-46½	(£23½-23¾)
Mapleleaf	$421½-422½	(£215½-216½)	$425¼-426¼	(£217½-218)
New Sovereigns	$100-100½	(£51½-51½)	$101-101½	(£51½-52)
King Sovereigns	$114-115	(£58½-58¾)	$111½-112½	(£57-57½)
Victoria Sovs	$114-115	(£58½-58¾)	$111½-112½	(£57-57½)
French 20s	$105-115	(£53½-58½)	$104-114	(£53½-58¼)
50 pesos Mexico	$505-509	(£256½-260½)	$510-515	(£261-262½)
100 Cor. Austria	$397-401	(£203-205¼)	$400-404	(£204½-206¾)
$20 Eagles	$510-514	(£261-263)	$510-515	(£261-263½)

MONEY RATES

NEW YORK

Prime rate	15¾-16
Fed. funds	12-12¼
Treasury bills (13-week)	10.20
Treasury bills (26-week)	10.54

GERMANY

Special Lombard	11.00
Overnight rate	11.05
One month	10.70
Three months	10.80
Six months	10.15

FRANCE

Intervention rate	15.25
Overnight rate	15.75
One month	15.3125
Three months	15.375
Six months	15.375

JAPAN

Discount rate	6.25
Call (unconditional)	6.3375
Bill discount (three-month)	7.34375

LONDON MONEY RATES

Nov. 30 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-16	15½-15⅞	—	—	15½-15⅞	13-15	—	—	—
2 days notice	—	—	15⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15⅛-15¾	15⅜-15½	—	—	15½-16	14½-14⅞	—	—	—
One month	15¼-15⅛	15⅞-15⅞	15½-15¼	15⅜-15	15⅛	15¼-15	14½-14½	14⅞-14⅞	14⅞-14½	15½
Two months	15⅛-14⅞	15⅞-15⅞	—	15⅛-14⅞	15	15⅜-15½	14-14½	14⅞-14⅞	14⅞-14¾	15⅛
Three months	14⅞-14¾	14⅞-15⅛	14⅞-15⅛	15⅛-14⅞	15	15⅛-15⅞	13⅞-14	13⅞	13⅞	14⅞
Six months	14½-14⅝	14⅝-14⅞	14⅞-14⅞	14⅝-14½	14¼	14⅞	—	—	13⅛	14⅞
Nine months	14⅛-14⅛	14⅞-14⅝	—	14⅝-14¼	14⅞	14⅞	—	—	—	—
One year	14⅜-14⅞	14⅜-14⅞	14⅞-14⅞	14⅝-14⅜	14⅜	14⅞	—	—	—	—
Two years	—	—	14½-14⅝	—	—	14⅞	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅝-14¾ per cent; four years 14¾ per cent; five years 14¾-14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13²⁷⁄₃₂-13¹⁵⁄₁₆ per cent; four months trade bills 14½ per cent.

Approximate selling rate for one month Treasury bills 14²⁹⁄₃₂-14¾ per cent; two months 14-14¹⁄₃₂ per cent; three months 13²³⁄₃₂ per cent. Approximate selling rate for one month bank bills 14¾ per cent; two months 14½ per cent; and three months 13⅞ per cent; one month trade bills 15¼ per cent; two months 14⅞ per cent; three months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1, 1981. **Clearing Bank Deposit Rates** for sums at seven days' notice 13 per cent. **Clearing Bank Rates** for lending 15 per cent. **Treasury Bills:** Average tender rate of discount 13.7564 per cent.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1, Telex 524269

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Alexander Fund
37, Rue Notre-Dame, Luxembourg

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.
P.O. Box 284, St. Helier, Jersey.

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M.

Bridge Management Ltd.
GPO Box 590, Hong Kong

Britannia Intl. Investment Mngt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. 0534 73114

S.G. Europe Obligations S.A.
5, Avenue de la Liberté, Luxembourg

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.

G. T. Management (U.K.) Ltd.
Park Hse., 16 Finsbury Circus, London EC2

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3. 01-283 3531

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Leopold Joseph & Sons (Guernsey)

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey.

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464

Save & Prosper International
P.O. Box 73, St. Helier, Jersey 0534 73933

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000

Schroder Unit Trust Mgrs. Intl. Ltd.
Box 273 St. Peter Port, Guernsey. 0481 28750

Scrimgeour Kemp-Gee Mngmt., Jersey
1, Charing Cross St. Helier, Jersey. 0534 73741

Security Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.

Signal Life Assurance Co. Ltd.
2C Secretary's Lane, Gibraltar

Singer & Friedlander Ldn. Agents
20, Cannon St., EC4. 01-248 9646

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460

Surinvest (Jersey) Ltd.
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2 Tel: 01-377 1040. Telex 8914403.

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WORLD STOCK MARKETS

Easier early Wall St trend

AFTER LAST week's good advance, Wall Street turned easier yesterday morning as profit-taking and a weakening Bond market affected trading. However, stock prices began to recover around mid-session.

The Dow Jones Industrial Average, which rose 33 points last week on declining interest rates, was down 5.61 at noon yesterday but by 1 pm had rallied to $883.09, only 2.85 below last Friday's close. The NYSE All Common Index showed a net decline of 8 cents at $72.63, after receding to $72.49. Declines led advances by a seven-to-six margin, while the volume at 1 pm was a sizeable 31.65m shares.

Analysts said investors appeared to become nervous about the market's strength as the Dow Jones Average came close to the 890 level.

Stocks were also adversely affected by the weakening Bond market, which lost ground amid concern about the heavy supply of new issues scheduled for the coming weeks. Nearly $3bn of Corporate Bonds are expected to be offered this week alone.

Much of the weakness in the market centred on Blue Chips, which were also among the main beneficiaries of last week's rally. IBM shed ½ to $54.

Uncertainty surrounding the take-over battle for Marathon Oil had an adverse impact on the stock of all three companies concerned. Marathon, the volume leader, fell 3⅞ to $104¼, while U.S. Steel lost ⅜ to $29¼ and Mobil ¼ to $26¼.

THE AMERICAN SE Market Value Index was down 1.03 at 329.13 at 1.00 pm. Volume 2.99m shares.

Canada

Markets opened strongly, continuing last week's good performance, but later eased to show only a marginal improvement at mid-day.

The Toronto Composite index was just 0.3 harder at noon at 1,999.9. Golds gained 13.9 to 3,157.8, but Oil and Gas lost 14.4 at 3,914.8.

Tokyo

Shares were mixed overall after light trading. Export-orientated issues and other Blue Chips, however, mainly lost fresh ground on investor concern over the continued rise of the yen against the U.S. dollar.

The Nikkei-Dow Jones Average receded 16.43 to 7,549.33 and the Tokyo SE index 1.35 to 554.47, although gains held a slight lead over declines on the First market section by 290 to 270. Volume amounted to 240m shares.

Light Electricals, Precision Instruments, Motors and Heavy Electric Machines were lower, with investor interest shifting to domestic industries such as Housings, Pharmaceuticals and issues related to the Government's public spending programme.

Poor prospects for Light Electricals and Precision Instruments exports saw Victor Japan fall Y170 to Y2,540 and Canon Y42 to Y855, although Sony gained Y60 to Y3,840. Hitachi retreated Y13 to Y600.

Nissan Motor dipped Y24 to Y756, Isuzu Motor Y13 to Y339 and Honda Motor Y6 to Y764 as Japan's vehicle exports fell in October, the third consecutive month on a year-on-year basis.

In contrast speculation of an impending cut in the Official Discount Rate boosted Trading Houses, Banks and Real Estates, with Mitsubishi firming Y8 to Y570, Mitsui Y5 to Y389 and Fuji Bank Y5 to Y430.

Housing and Constructions were favoured on anticipation that the new Japanese Cabinet, announced yesterday, would adopt economic boosting measures focusing on the housing industry. Hasegawa Komuten gained Y14 to Y684. Misawa Home Y40 to Y647 and Sekisui Prefab Y17 to Y862.

Many Drugs and Drug-related issues were higher, with Takeda up Y7 to Y932, Toray Y15 to Y442 and Daiichi Seiyaku Y40 to Y1,090. However, some leading Pharmaceuticals eased on profit-taking.

Germany

Stocks were inclined to improve in moderate activity, with investors encouraged by a strong Domestic Bond market and the recent Wall Street rally. The Commerzbank index put on 4.5 to 696.0.

Commerzbank added DM 3 at DM 139.50 despite news that it will draw on DM 50m of reserves to produce a balanced parent company result in 1981.

In Electricals, however, SEL fell DM 5.50 to DM 258.50 after stating that it expects poorer profits in 1981.

Public Authority Loans posted gains extending to 60 pfennigs. The Bundesbank sold DM 23m of paper. Dealers said the market is benefiting from speculation that the Bundesbank might relax its monetary policy at Thursday's Central Council meeting.

Australia

Markets took their recent recovery a stage further, with a lack of sellers in the quality end of the market helping the uptrend. The Australian All Ordinaries index improved 8.4 more to 593.9.

Overall market leader BHP moved ahead 30 cents to A$10.75, while CSR put on 7 cents to A$3.72.

There was further take-over news to enliven trading. A subsidiary of Adelaide Steamship affiliate Tooth and Co. announced a bid for plastics group Nylex worth about A$80m. The Tooth camp is offering A$1.80 a share. However, Nylex, which jumped 33 cents on Friday, closed 20 cents higher at A$1.90 on talk that a counter bid is being considered.

Santos gained 14 cents to A$5.54 and Claremont 9 cents to 49 cents after news that the Jackson No. 1 well in the Surat Basin had flowed oil at the rate of 188 barrels per day. The well earlier flowed 350 bpd but the latest test was considered important because it was carried out above the main zone of interest.

Among Minings, Pancontinental added 27 cents at A$2.65, Western Mining 15 cents at A$4.20, MIM 10 cents at A$3.50, Peko-Wallsend 10 cents at A$6.10 and CRA 11 cents at A$3.13.

Hong Kong

The market closed on a mixed note after decreased trading. Shares opened on a steady note and moved upwards initially in response to a one percentage point cut in the local prime lending rate. However, profit-taking late in the morning erased most of the early gains. Prices moved narrowly in the afternoon.

The Hang Seng index, which firmed 11 points last Friday, was 6.54 higher at 11.00 am yesterday, but later receded to 1,450.22, off 0.85 on the day. Combined turnover on the four exchanges totalled HK$330.02m, against Friday's HK$452.66m.

Singapore

Strong buying support continued to push the market ahead. After busy trading, the Singapore Straits Times Industrials index ended 14.55 higher at 758.65, which follows an advance of 14.80 last Friday.

Central Sugars rose 60 cents to S$13.40, Jurong Cement 27 cents to S$2.90, Perlis Plantations 43 cents to S$5.25 and Development Bank of Singapore 25 cents to S$8.70. Selangor Properties climbed 40 cents to S$7.00 and Hong Leong Industries 40 cents to S$12.20.

Johannesburg

Gold shares finished marginally firmer after very quiet trading.

Other Mining sectors also tended to harden a shade, while narrow mixed movements were the order of the day in Industrials.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

Stock	Nov. 27	Nov. 26
AMCA Intl	24	23¾
Abitibi	21¼	21¼
Agnico Eagle	7¾	7¾
Alcan Alumin	27¾	27
Algoma Steel	41	40¾
Asbestos	20	19¼

BELGIUM (continued)

Nov. 30	Price Frs.	+ or —
Petrofina	4,095	—5
Royale Belge	3,820	
Soc Gen Banq.	1,650	
Soc Gen Belge	910	+6
Sofina	2,415	—5
Solvay	1,675	+30
Traction Elect	1,610	+10

HOLLAND

Nov. 30	Price Fls.	+ or —
ACF Holding	68.7	+0.5
Ahold	59.5	+2.5
AKZO	23.2	—0.5
ABN	292	—0.5
AMEV	90.7	—0.3
AMRO	54.1	+0.1
Bredero Cert	184	+2

AUSTRALIA

Nov. 30	Price Aust. $	+ or —
ANZ Group	5.90	+0.24
Acrow Aust	1.30	
Allstate Expl	0.70	
Ampol Pet	1.73	+0.03
Assoc. Pulp Pap.	3.00	
Audimco	0.11	+0.01
Aust. Cons. Ind.	.76	—0.02
Aust. Guarant.	125	+0.05

JAPAN (continued)

Nov. 30	Price Yen	+ or —
Kubota	340	—1
Kumgaai	423	+6
Kyoto Ceramic	3,140	
Lion	416	
Maeda Cons	581	+2
Makita	865	—5
Marubeni	337	—3
Marudai	695	—1

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRIA

BELGIUM/LUXEMBOURG

SPAIN

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.81 (Discount of 23%)

Indices

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Renewed turmoil in tin market

BY JOHN EDWARDS, COMMODITIES EDITOR

THE TIN market was thrown into further turmoil yesterday when the three months price collapsed by £527.5 to £7,927.5 a tonne and touched a low of £7,800 at one stage. In contrast the cash price lost only £140 to £8,300 a tonne and is, therefore, now at a huge premium to the forward quotation.

Less than a week ago the three months quotation was being held at a record £8,650 a tonne as a result of sustained support buying by the influential group that have been dominating the tin market since July. Yesterday, however, the group concentrated on buying cash tin only, keeping the price steady at £8,300, and abandoned support for the three months' quotation.

Once the three months price fell below £8,400 a wave of stop-loss selling was unleashed and the market collapsed, before rallying slightly in late trading.

The sudden change of tactics by the influential group, believed to represent producing interests, took dealers by surprise since it involves large sums of cash — £80m on Thursday alone last week — being paid up, instead of forward buying on 10 per cent margin.

However it does give the group far greater control, by owning the actual tin, and also discourages speculative selling.

Previously speculators were able to make an almost guaranteed profit by selling at the higher three months price and buying back at the lower cash price.

Nevertheless the establishment of a backwardation (cash price at a premium) makes legitimate trade hedging—a prime function of the market—virtually impossible and inevitably leads to suggestions that something must be done to prevent available supplies being "cornered." There is obviously no real shortage of tin, bearing in mind the low level of demand and the record stocks held in the London Metal Exchange warehouses.

Tin warehouse stocks rose by a further 1,425 tonnes last week to a record 18,700 tonnes — hardly the normal situation for the cash price to be at a premium to the three months quotation.

This rise in stocks, considerable nervousness about future developments and the strength of sterling against the dollar all conspired to encourage selling, although it was primarily stop-loss sales that accelerated the market's decline. But the cash price is much the same as it was a week ago.

Other metal markets were overshadowed by the excitement in tin. Copper wirebars traded for the last time yesterday morning, before being replaced by the high grade contract that covers both wirebars and good quality cathodes. Stocks of copper held in LME warehouses dropped by only 75 tonnes to a total of 110,050 tonnes, but the cash price rose as the normal end-year buying for tax reasons reduced the amount of supplies immediately available for delivery.

The market was also encouraged by Asarco announcing a rise of one cent to 79 cents a lb in its domestic U.S. copper selling price. Aluminum also held firm, in spite of warehouse stocks jumping by 4,300 tonnes to a record total of 139,100 tonnes.

Zince came under pressure, however, following reports of an increased wage offer to employees at the Tara Mines in Ireland, who have been on strike since July. It is felt zinc has been too high in view of the low level of demand and cash zinc lost £7 to £426.5 a tonne, after dipping to £421.5. Zinc stocks in LME warehouses fell by 1,200 to 78,150 tonnes. Nickel holdings declined too by 270 to 2,142 tonnes. Lead stocks rose by 175 to 50,200 tonnes and LME silver holdings were up by 300,000 to a total of 31,060,000 ounces.

Silver prices fell to the lowest levels for over two years. The bullion spot quotation at the morning fixing was 2.9p down at 419.60p a troy ounce and in the afternoon values drifted to 415.5p.

Main influence depressing the market is pessimism about the outlook for the U.S. economy. In addition there are record stocks in the LME warehouses, and the U.S. stockpile is to resume its offerings of surplus supplies for sale this week.

New farm loan charges

MANY FARMERS will start paying sharply higher interest on loans from the Agricultural Mortgage Corporation today.

Variable rate borrowers, who have been paying 14.5 per cent, will have their interest charges moved up to 16.5 per cent, the rate charged to new variable rate borrowers since September 18. The rate for new fixed interest loans will remain at 17.5 per cent.

The new variable rate will remain in force till March 1 for quarterly reviewable loans and till June 1 for those reviewable half yearly.

Farm machinery upturn seen

By Our Commodities Staff

FIRM SIGNS of recovery in the British agricultural machinery trade are expected to become apparent at the Royal Smithfield Show in London next week, according to the Agricultural Engineers' Association (AEA).

"Recent sales levels have supported the view that the upturn is commencing," reports the latest issue of the AEA Bulletin. "In particular tractor registrations during the past few months have been better than anticipated."

Following the cutback in sales caused by the decline in real farm incomes purchases of machinery have at last begun to increase as delayed fleet replacements are made.

The Bulletin says that 1981 was a "particularly difficult year" for farm supply industries throughout the developed world. Manufacturers recognise that the high market levels of the mid-1970s are unlikely to be regained in the short term but they believe that the swing of the cycle is on the turn, the Bulletin says.

This has resulted in some cautious restocking by dealers to meet expected improved demand in 1982.

Boost for Indian sugar crop

By K. K. Sharma in New Delhi

SUGAR production in the season ended last September was 5.143m tonnes compared to just 3.859m tonnes in the 1979-80 season, the Indian Agriculture Minister, Mr Birendra Singh, told parliament yesterday.

Although production was lower than the record figure of 6.462m tonnes in 1977-78, it has enabled India to resume exports of sugar this year and fulfil its commitments under the International Sugar Agreement. There is now no shortage in the country itself as there was last year, when India was not able to export its quota under the agreement.

Mr Singh said the government now planned to deal with the sugar surplus through exports, creation of a buffer stock and larger releases into the free market in the country (as distinct from the releases through government ration shops).

SOFTWOOD MARKET

Brighter days ahead for timber producers

BY A CORRESPONDENT

THE APPARENT consumption and theimport of sawn softwood in the UK are forecast to rise next year from the depressed levels of 1981. Most of the increase is expected to come from re-stocking operations which should take place in the second half of next year in anticipation of better business in 1983. Little recovery is expected in demand from the main consumer industries next year.

The UK delegation to the recent European Softwood Conference in Brussels revised downwards its forecast made in Rome last year of 1981 consumption to 5.3m cubic metres, around 13 per cent lower than that of 1980.

The forecast for 1982 is that consumption will rise by about 7 per cent to over 5.6m cu metres. By the end of this year importers will have reduced their stocks to levels commensurate with the reduced current consumption. By the middle of next year it is possible that some re-building of stock inventories may begin, so that the import in 1982 is forecast to rise by 16 per cent from the current level of 5m cu metres to 5.8m (the 1980 import was just over 6m cu metres).

Of the eight softwood countries represented at the conference (Belgium, Denmark, West Germany, France, Italy, Netherlands, Spain and UK) only Spain and the UK forecast any increase in consumption next year, but with the exception of only Germany and Italy imports were expected to rise.

The movement of stocks in what has proved to be a world-wide recession in the construction industry provided the key to the mood of the conference. The delegates from the supplying countries—Austria, Canada, Finland, Poland, Sweden, U.S. and USSR seemed subdued, for as the recession has developed each link in the chain of movement of softwood from supplying mill to consumer has been reducing commitments. First consumer industries reduce their stocks, then merchants, then importers until the full burden of stock holding is shifted back to the mills in the supplying countries where, in spite of short-time working and mill closures, stocks are uncomfortably high and at current prices profitability has suffered disastrously.

For example in the U.S. from 1979-80 consumption fell by 16.5m cu m—the equivalent of about three years' consumption in thes U.K. Small wonder that in the last three months a number of trade missions from different timber producing areas of the U.S. have been in this country hoping to increase their share of British import.

Among our traditional suppliers Finnish production of sawn softwood will fall this year by about 2m cu m and Sweden, in spite of a devaluation of the kroner which helped considerably to restore its competitive position, will see a 1m cu m fall in production.

The forecasts made at the Brussels conference anticipated the start, from about the middle of next year, of a recovery in the market. Once stocks at the producing mills start to reduce, the exporters will try hard to push up prices to restore a measure of profitability.

Encouraged perhaps by lower interest rates and with an eye on the price situation, the links lower down the chain of supply may allow their stocks to increase and so the figure of apparent consumption will rise. In timber trade terms apparent consumption equals the movement of wood out of importers' yards to merchants and large consumers; in periods of market change it may not move directly into consumption but go to build stocks, this is why it is possible to have apparent consumption rising with little increase in the amount of wood actually being used by the consumer industries.

For the present, UK softwood importers will continue to buy on a hand-to-mouth basis, being content to fill gaps as they appear in stocks and to secure their requirements in the popular marks of joinery redwood which is sure of a market. In their approach to the market next year the Russians are expected to be looking for a small increase in their exports to this country, but the timing and price level of the effer will be closely negotiated. The Canadians expect to benefit by the upsurge in timber frame housing in this country and the Netherlands because their dressed lumber is popular in this end use.

Grants made to fish farms

By Our Commodities Staff

THE GOVERNMENT has made modest grants available for British marine fish farm projects so as to qualify them for substantial EEC grants.

The British grants will provide only 5 per cent of approved costs but recipients will be eligible for grants of up to 25 per cent from the Common Market Farm Fund.

Eligible fish farms are those which breed, rear or cultivate fish (including shellfish) in salt or brackish water for the purpose of producing food for human consumption.

Mr Alick Buchanan-Smith, Minister of State at the Ministry of Agriculture Fisheries and Food, commented: "We are committed to encourage fish farming and this scheme is proof of it."

Wheat output forecast raised

BY JOHN EDWARDS, COMMODITIES EDITOR

THE International Wheat Council yesterday raised its estimate of world wheat production in 1981 to 453m tonnes—3m tonnes above its last forecast in October and 2m tonnes over the previous world record crop of 451m tonnes in 1978.

The increase is attributed almost entirely to India, whose production forecast has been raised by 2.5m to 36.5m tonnes.

Imports of wheat by the Soviet Union are now put 1m tonnes higher at 18m tonnes for the year from July 1981 to June 1982, in addition to 20.5m tonnes of coarse grains (mainly maize) and 2m tonnes of soyabeans. Total grain import commitments by the USSR from July 1981 to November 1982 are put at 52m tonnes.

In a special report on food problems in Eastern Europe, the Wheat Council noted that because of poor crops this year grain imports in 1981/82 are expected to jump to 13.4m tonnes compared with 2.6m the previous season.

The International Wheat Council is meeting in London this week as assess the outlook for world supply and demand as well as looking at prospects for a new wheat pact aimed at stabilising world markets. A scheme for nationally held stocks, co-ordinated internationally, is reported to have received some support but talks have yet to be completed.

Meanwhile China is reported to be harvesting near record crop, just below the 1979 peak of 332m tonnes, compared with 318m tonnes last year. Chinese Prime Minister Zhao Ziyang, in an economic report to Parliament said it would be the second best year for grain production since 1949 in spite of flooding and droughts in different parts of the country.

Latest figures issued by the Canadian Government confirm that Canada harvested recorded wheat, barley and grain corn crops this year. All wheat production rose to 24.5m tonnes against 19.2m tonnes in 1980.

India plans to export 600,000 tonnes of rice in 1981-82 from its stocks following a good crop in the summer, K. K. Sharma reports from New Delhi. Mr R. V. Swaminathan, Indian Minister of State for Agriculture told parliament this was in addition to export of superior grades of rice which is not restricted in any way and large quantities of which are sold to the Middle East.

In addition, India will supply 650,000 tonnes of rice to Russia by next June in exchange for crude oil and petroleum products.

Importers accused of olive oil fraud

MADRID — The International Olive Oil Council has issued a statement accusing U.S. importers of illegal competition by selling vegetable oil for technical and industrial use as olive oil.

The statement, released at the end of a council meeting here, called on the U.S. to realign its *customs tariffs and* observe the council's definition of olive oil qualities to stop the alleged fraud.

It said the council had observed that Italy, among others, had exported increasingly large amounts of oil labelled "vegetable oil for technical, industrial or other uses" which because of designation problems were passing out of U.S. customs as olive oil.

The statement said some of *this exported oil was sterified* olive oil, which a United Nations conference banned for sale as foodstuff in 1963.

He said the council planned to deliver a verbal note to the U.S. ambassador in Madrid inviting co-operation in finding a solution to the problem and early next year a council mission would visit Washington.

The U.S., which is not a signatory of the International Olive Oil Agreement, imported 26,400 tonnes of olive oil last year, virtually covering its 27,000 tonnes consumption, provisional council figures show.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were generally little changed on the London Metal Exchange, with the exception of Tin, which fell to £7,800 before closing above the worst at £8,050. Copper was finally £869, Lead £348, Zinc £438, Aluminium £590 and Nickel £2,700.

Amalgamated Metal Trading reported that in the morning higher grade cash copper traded at £847, 47.50; three months £865, 64.5, 64, 64.5. Standard Cathodes: Cash £845, 44, 43; three months £862, 61.5. Kerb: Higher Grade: Three monuths £864.5, 64, 63. Afternoon: Higher Grade: Cash £852, 53; *three months £864, 63.5, 64, 65, 66,* 66.5, 67, 67.5, 64.5, 65, 65.5. Kerb: Higher Grade: Three months £866, 67, 69, 68, 69, 69, 70, 70.5, 70, 69. Turnover: 28,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	847-.5	+5	850.5-1.5	+8.5
⊕ 3 mths	864.5-5	+1.5	865-.5	+2.75
Settlem't	847.5	+5	—	......
Cathodes				
Cash	842-3	+5.75	845-7	+7.75
3 months	861-.5	+2.75	860-1	+2.25
Settlem't	843	+4	—	......
U.S. Prod	—	......	*78.8-84	......

Tin—Morning: Standard: Three months £8,400, 20, 10, 15, 05. Kerb: Standard: Cash £8,350; three months £8,400, 8,390, 50, 30, 8,300, 8,270, 50, 80, 8,300, 8,310, 8,300. Afternoon: Standard: Cash £8,350; three months £8,200, 8,100, 8,000, 7,950, 7,900, 7,850, 7,980, 7,900, 7,875, 7,900, 7,850, 79, 7,876, 8,100, 8,000, 7,950, 7,900, 8,000, 7,950. Kerb: Standard: Cash £8,350; three months £8,000, 8,020, 30, 50, 8,100, 8,060, 8,070, 60, 50. Turnover: 10,810 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8450-60	—118	8350-60	—140
3 months	8400-10	—50	7925-50	—527
Settlem't	8460	—100	—	......
Standard				
Cash	8450-60	—110	8350-60	—140
3 months	8400-18	—80	7925-50	—527
Settlem't	8460	—108	—	......
Straits E.	‡$35.64	—0.11		......
New York	—			

Lead—Morning: Cash £332.5; three months £345, 44, 42.5, 42. Kerb: Three months £342, 43. Afternoon: Three months £343.5, 44, 45, 47, 46, 46.5, 47. Kerb: Three months £347.5, 48, 49, 48. Turnover: 7,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	332-.5	—7	336-7	......
3 months	342-.5	—9	345.5-7	—4
Settlem't	332.5	—7	—	......
U.S. Spot	—	......	*32-6	......

Zinc—Morning: Three months £430, 31, 32, 33, 32, 31, 31.5. Kerb: Three months £432, 31, 32. Afternoon: Three months £433, 34, 35, 36, 36.5, 37. Kerb: Three months £436, 37.5, 38, 37, 38. Turnover: 13,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	420.5-1.5	—18.5	426-7	—7
3 months	431-2	—18	436.5-7	—7.5
S'ment	421-5	—18.5		......
Primw'ts	—	—	*46.75-50	......

Aluminium—Morning: Three months £583, 83.5, 84, 84.5, 83, 84. Kerb: Three months £585. Afternoon: Three months £587, 87.5, 89, 89.5, 90. Kerb: Three months £589, 88. Turnover: 5,200 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	562-4	—.5	567.5-8.5	+1.5
3 months	584-5	—1	589.5-90	+1.5

Nickel—Morning: Cash £2,680; three months £2,695. Kerb: Three months £2,690. Afternoon: Three months £2,700. Turnover: 428 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2675-80	—47.5	2690-700	—12.5
3 months	2680-95	—30	2690-700	—22.5

*Cents per pound. ‡ MS per kilo. † On previous unofficial close. ⊕ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 2.9p an ounce lower for spot delivery in the London bullion market yesterday at 419.6p. U.S. cent equivalents of the fixing levels were: Spot 826.6c, up 3.4c; three-month 847.9c, up 2.8c; six-month 875.2, up 3.5c; and 12-month 932c, up 3c. The metal opened at 423-427p (832-837c) and closed at 418-422p (819-824c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	419.60p	—2.9	415.5p	—7.75
3 months	433.40p	—2.9	428.5p	—8.75
6 months	447.90p	—2.9	—	......
12months	478.20p	+2.8	—	......

LME—Turnover: 107 (146) lots of 10,000 ozs. Morning: Three months 434, 34.5, 34, 33.5, 33, 32.2, 32.5, 33. Kerb: Three months 434. Afternoon: Three months 432, 31, 30, 29. Kerb: Three months 429, 30

COCOA

Futures were locked in a narrow range and only the near position found active trading interest, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1085-87	—5.5	1090-83
March	1090-91	—8.0	1098-90
May	1099-100	—11.0	1108-00
July	1112-13	—10.0	1118-09
Sept	1121-22	—9.0	1126-22
Dec	1130-40	—12.0	1143-40
March	1138-50	—13.0	1150

Sales: 2,756 (2,590) lots of 10 tonnes.

ICCO—Daily price for November 30: 93.19 (93.96); Indicator price for December 1: 92.97 (92.30).

GAS OIL FUTURES

Prices opened 50-100 cents steadier, reflecting the strong Deutschmark. Thereafter prices drifted, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	323.00	—1.50	—
December	326.50	—	327.50-26.50
January	326.50	—0.50	327.77-26.50
February	326.50	—0.50	327.50-26.50
March	325.75	—1.00	326.50-26.00
April	324.00	—0.75	—
May	324.00	—0.50	—
June	324.00	—0.50	—
July	324.25	—0.25	—

Turnover: 466 (513) lots of 100 tonnes.

GRAINS

The market opened slightly higher on old crops and unchanged on new crops. Shipper buying balanced light merchant selling and long liquidation. Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan	108.35	+0.30	104.30	+0.38
Mar	111.45	+0.30	107.30	+0.35
May	114.45	+0.25	110.15	+0.25
July	117.50	+0.40		
Sep	106.05	+0.20	100.80	—0.05

Business done—Wheat: Jan 108.5-108.15, March 111.50-111.30, May 114.45-114.35, July 117.50-117.35, Sept 106.20-106.05. Sales: 99 lots of 100 tonnes. Barley: Jan 104.30-104.20, March 107.30-107.05, May 110.15-110.00, Sept 101.00-100.80. Sales: 169 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Dec 111.25, Jan 112.25 transhipment East Coast seller. English Feed fob Dec 110.25 seller East Coast, Jan/March 114 paid and seller East Coast. Maize: French first-half Dec 128.50, second-half Dec 129.50, Jan 131 transhipment East Coast quoted. South African White and Yellow Dec 83 seller. Barley: English Feed fob Dec 106 seller Scottish East Coast, Dec 107 East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 109.00. Feed Barley: Eastern 101.80, E. Mids 101.60, N. East 101.80, Scotland 101.80. The UK Monetary Coefficient for the week beginning Monday, December 7 (based on HGCA calculation using four days' exchange rates) is expected to change to 0.920.

RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day, and closed easier. Lewis and Peat reported a December fob pnce for No. 1 RSS in Kuala Lumpur of 210.5 (211.0) cents a kg and SMR 20 168.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Jan	52.50-52.40	51.80-52.00	52.50-52.20
Feb	52.10-53.50	52.20-52.40	—
Jan-Mar	52.40-52.70	52.40-52.80	52.40-52.00
Apl-Jne	56.10-56.20	56.10-56.50	56.20-55.60
Jly-Sept	58.10-58.20	58.50-58.50	58.40-58.00
Oct-Dec	62.60-62.70	62.70-62.80	62.60-62.40
Jan-Mar	66.80-66.10	66.10-66.20	66.00
Apl-Jne	69.10-69.20	69.50-69.40	—
Jly-Sept	72.10-72.20	72.50-72.40	72.70-71.80

Sales: 137 (471) lots of 15 tonnes and 15 (1) lots of 5 tonnes.

Physical closing prices (buyer) were: Spot 51.25p (51.00p); Jan 51.75p (52.25p); Feb 52.00p (52.50p).

SOYABEAN MEAL

Despite stronger sterling the market opened steady with higher European cash markets, reports T. G. Roddick. Prices drifted slightly at the close.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
December	124.70-24.5	+1.55	124.40
February	126.40-26.5	+0.88	127.00-26.50
April	128.40-28.7	+0.45	129.00-28.80
June	129.80-30.5	+0.05	130.50-30.00
August	130.50-32.0	—1.50	—
October	131.50-35.8	—1.25	—
Dec	133.80-38.0	—1.40	—

Sales: 95 (13) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £164.00 (£159.00) a tonne cif Nov-Dec-Jan shipments. White sugar daily price £171.50 (£169.00).

The market opened slightly higher but renewed physical selling interest stimulated commission house long liquidation and prices gave way, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	163.00-66.25	163.50-66.85	—
March	167.75-67.80	167.85-67.95	171.75-67.00
May	170.05-70.10	169.75-69.85	173.75-69.00
Aug	173.15-73.20	172.50-76.00	176.25-72.75
Oct	177.50-77.75	177.50-77.75	181.00-78.75
Jan	171.00-77.75	178.50-81.00	--
March	183.00-84.00	182.00-85.00	184.00

Sales: 5,727 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £274.00 (£268.50) for export.

International Sugar Agreement (U.S. cents per pound (fob and stowed Caribbean ports. Proces for November 27: Daily price 12.75 (12.61): average 11.94 (11.89).

COFFEE

With a limit down situation in New York, London opened lower, reports Drexel Burnham Lambert. Steadier sterling had no impact as trade support inspired a rally in light volume. Selling followed further weakness in New York but was countered by continual trade buying and dealer profit-taking.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	—	—	1090-70
Jan	1087-88	—5.0	1108-81
March	1063-64	+1.0	11088-57
May	1057-60	—3.0	1080-51
July	1060-63	—0.6	1085-55
Sept	1058-60	—5.0	1089-57
Nov	1058-62	—5.0	—

Sales: 3,275 (5,915) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 27 (U.S. cents per pound): Comp daily 120.61; 15-day average 124.82.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order; buyer, seller, business). New Zealand cents per kg. Dec 372, 374, nil; Jan 373, 376, nil; March 383, 384, 384; May 390, 393, 392-391; Aug 406, 409, 407; Oct 411, 414, 412; Dec 416, 420, nil; Jan 417, 422, 421; March 427, 430, 428; May 432, 437, nil. Sales: 28.

SYDNEY GREASY—Close (in order: buyer, seller, business). Australian cents per kg. Dec 488.0, 488.5, 489.0-488.0; March 496.5, 497.0, 497.5-496.0; May 508.5, 509.0, 511.0-509.0; July 517.0, 517.0, 518.0-516.5; Oct 513.5, 515.0, 515.5-514.0; Dec 520.5, 522.0, 521.0; March 528.0, 528.0, 527.0; May 532.0, 534.5, untraded. Sales: 203.

JUTE

JUTE—Dec c and f Dundee: BWC £283, BWD £226, BTB £333, BTC £287, BTD £231; Antwerp c and f BWC $525, BWD $430, BTB $613, BTC $536, BTD $436; Dundee Dec 40in 10oz /9.83, 40in 7½oz £7.47; B Twills £29.30.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 515 tonnes. Useful buying developed, and the offtake was better than on most trading days in the second half of the month. Certain American type growths were in request, together with dealings in African and specialist Middle Eastern qualities.

TEA AUCTION

LONDON TEA AUCTION—28,150 packages were offered in yesterday's auction. Brighter Assams were firm to dearer but plainer teas were irregular and sometimes lower. East Africans were firm while Central Africans were irregular, with some withdrawals. Ceylons were generally dearer. Quotations: Quality 120p per kg (124p); meduim 109p per kg (109p); plain 79p per kg (79p).

POTATOES

LONDON POTATO FUTURES—After a hesitant start, buyers appeared, especially in April, and all positions closed at the highs in quiet trade, reports Coley and Harper. Closing prices: Feb 86.00, +1.00 (high 86.00, low 85.00): April 97.50, +1.40 (high 97.50, low 95.90): Nov 68.20, +0.20 (high 68.20, low 68.00). Turnover: 98 (208) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 80.8 to 84.2; Ulster hindquarters 93.0 to 96.0, forequarters 61.0 to 63.2; Eire hindquarters 94.0 to 96.0, forequarters 60.0 to 62.5. Veal: English fats 99.0 to 105.0; Dutch hinds and ends 131.0-134.0. Lamb: English small 72.5 to 79.5, medium 73.5 to 78.0; Imported frozen: New Zealand PL 62.0 to 63.0, YLs 58.0 to 58.0. Pork: English, under 100 lb 48.5 to 58.0, 100-120 lb 46.5 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle, 97.90p per kg lw (+1.73). UK—Sheep, 178.12p per kg est dcw (+9.59). GB—Pigs, 80.44p per kg lw (−0.26).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 4.40, 56 4.40, 72 4.40, 88 3.60, 112 3.30, 138 3.25, 150 3.25; Spania: Navels/Navelinas 42/130 4.00-4.80. Clementines—Spania: 4.50-5.00. Satsumas—Spania: 3.00-3.50. Lemons—Outspan: 88/162 4.50-6.00; Cypriot: 3.30-4.00; Jaffa: 150 5.00; Italian: 60/150 4.50; Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 7.00-8.00; Cypriot: Large cartons 4.80-5.50, small cartons 3.50-3.80; Honduras: 4.20-4.50; Jaffa: 3.50-4.00, Pink 6.00-6.50. Tangelos—Jamaican: 64/113 4.50. Apples—French: New crop, Golden Delicious 20-lb 3.30-3.60, 40-lb 6.50-7.50, Stark Crimson 40-lb 7.00-8.00, 20-lb 3.40-4.00, Granny Smith 7.50-8.50; U.S.: Red Delicious 9.00-13.00; Hungarian: Starking 7.00; Dutch: Golden Delicious 26-lb 4.50, Cox's 28-lb 4.80-5.20. Pears—Dutch: Comice 14-lb 3.80-3.90, Conference, per pound 0.14-0.18. Peaches—Zimbabwean: 5.00-5.50. Plums—U.S.: Per pound 0.48-0.50. Grapes—Spanish: Almeria 11-lb 2.20-2.80, Negra 3.20-3.60, Italia 5.00; Italian: Italia 3.50-4.00. Cherries—S. African: 120-130. Strawberries—Kenyan: 8-oz 1.00-1.20; New Zealand: 8-oz 1.00-1.20; Australian; 12-oz 1.60-1.80 Raspberries—S. African: 1.80. Blackberries—S. African: 0.50. Melons—Spanish: 10-kg, green 4.80-5.50. Pineapples—Ivory Coast: Each 0.40-1.00. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50, small box 3.50; Israeli: 3.50-4.00. Mangoes—Kenyan: 8/16 6.00; Brazilian: 8.00. Pomegranates—Spanish: 24/60 3.60-4.20. Dates—Tunisian: 30's 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8-oz 0.19-0.20. Tomatoes—Dutch: 3.60; Spanish: 2.00-2.80; Canary: 2.00-3.20; Moroccan: 1.20-1.40. Onions—Spanish: Grano 3/5 3.00-4.00. Capsicums—Dutch: 5-kg, red 4.90, green 6.75-7.00, yellow 6.00-6.50. Aubergines—Cypriot: 4.50; Israeli: 4.50; Canary: 3.50-3.60. Cabbages—Dutch: White 2.80, red 3.00. Celery—Israeli: 3.80, Spanish: 3.40-3.60. Chillies—Dutch: 3-kg 4.50. Carrots—Dutch: 20-lb 2.00, pre pack 2.80. Lettuce—Dutch: 24 3.00-3.20; French: Batavia 5.00-5.50; Cypriot: Cos 14/18's 5.50. Cucumbers—Canary: 2.60-2.80; Greek: 1.80-2.00. Chicory—Belgian: 3-kg 2.40-2.60. Endive—French: 5.00-5.50. Fennel—French: 9-lb 4.00-4.50; Italian: 25-lb 4.00-4.50; Dutch: 11-lb 4.00-4.50. New Potatoes—Jersey: Per pound, Royal 0.14, Maris Peer 0.10-0.12; Canary: 0.18-0.20; Italian: 0.17; Cypriot: 4.80-5.00. Asparagus—New Zealand: Per pound 2.50-3.00; Australian: 2.50-3.00; S. African: 1.80-2.00. Chestnuts—Italian: 5-kg 2.50-4.50; Spanish: 5-kg 2.50-4.50. Walnuts—Chinese: Per pound 0.44-0.45; U.S.: 0.60. Brazils—Per pound 0.40-0.42. Filberts—Per pound 0.38-0.40. Almonds—Per pound 0.48-0.50. Pecons—Per pound 0.95-1.00. Muscatels/Almonds—Spanish: 8-oz 0.45.

English Produce: Potatoes—Per 55-lb, White 2.20-2.50, red 2.60-2.80, King Edward's 2.80-3.10. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.70. Apples—Per pound, Bramley 0.22, Cox's 0.20-0.26, Laxton's 0.14-0.20, Russets 0.15-0.25. Pears—Per pound, Conference 0.14-0.19, Comice 0.18-0.22. Cauliflowers—Per 12, Kent 2.40-3.00, Lincoln 1.60-2.40. Cabbages—Per 30-lb bag, Primo/Jan King 1.00-1.50. Lettuces—Per 12, round 1.40-1.80. Radishes—Per 12 x 8-oz pack 1.40. Onions—Per tray x 20 bunches, spring 2.00, 55-lb 40/60mm 2.00-2.60. Carrots—Per 26/28-lb 0.70-1.00. Beetroots—Per 28-lb, round 0.80-1.20, long 1.20. Parsnips—Per 28-lb 1.20-2.00. Swedes—Per net 0.70-1.00. Leeks—Per 10-lb 1.20-1.60. Sprouts—Per 20-lb 1.40-2.40. Turnips—Per 28-lb 1.20-1.40. Celery—Per 16/36, Hassey 3.50-4.00. Brussels Tops—Per 25-lb 1.20-1.40. Spring Greens—Per 25-lb 1.50-1.80. Savoys—Per 25-lb 1.00-1.20.

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£7.30, codling £3.80-£5.30; large haddock £4.80-£5.40, medium £3.70-£4.50, small £2.50-£3.50; skinned dogfish (medium) £3.80-£7.00; rockfish £2.20-£2.40; saithe £3.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 30 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1095/1105	......	$1100/150
Copper			
Cash w'bar	£851	+8.5	£903.75
3 mths	£865.25	+2.75	£933.25
Cash Cathnde	£846	+7.75	£900
3 mths	£860.5	+2.25	£928.50
Gold troy oz	$409	—5.5	$459
Lead Cash	£336.5	......	£374.5
3 mths	£346.75	—3	£386.5
Nickel	£4187.2	......	£4,189.5
Free mkt	234/284c	......	235/285c
Platin'mtr'y oz	£260	......	£260
Freemkt	£205.50	+2.45	£223.60
Quicksilvert	$415/423	......	$420/425
Silver troy oz	419.60p	—2.9	489.35p
3 mths	433.40p	—2.9	508.10p
Tin Cash	£8,355	—140	£8112.5
3 mths	£8,355	—527.5	£8350.5
Tungsten22.0lb	$138.06	......	$142.61
Wolfrm 22.04lbs	$127/131	......	$136/141
Zinc Cash	£426.5	—7	£501
3 mths	£436.75	—7.5	£515.5
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$572.5w	+2.5	$587.5
Groundnut	‡	......	‡
Linseed Crude	£425	......	£460
Palm Malayan	$492.5z	......	$515
Seeds			
Copra Philip	$355z	......	$365
Soyabean(U.S.)	$259z	......	$253
Grains			
Barley Fut.Mar	£107.50	+0.35	£103.80
Maize	£126.5z	......	£127.25
Wheat Fut.Mar	£111.45	+0.30	£108.75
No2 HardWint	‡		‡
Other commodities			
Cocoa ship't *	£1,162	—5	£1,261
Future Mar.	£1090.5	—8	£1186.5
Coffee Ft' Jan.	£1087.5	—5	£1137.5
Cotton A.Index	68.65c	—0.25	74.75c
Gas Oil Dec.	$326.5	......	$323.5
Rubber (kilo)	51.25p	+0.25	55.5p
Sugar (Raw)	£164vx	+5	£153
Woolt'ps 64s kl.	370p kilo	—5	362pkilo

‡ Unquoted. w Dec-Jan. x Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, Nov. 30.

PRECIOUS METALS suffered moderate losses on further recessionary factors. The livestock complex finally rallied on profit-taking and a higher country price for live cattle and hogs. Sugar sold off as new selling tenders attracted technical selling. Heating oil was lower due to lack of demand and a further forecast of warmer temperatures on the East Coast. Wheat and maize retreated under heavy commercial pricing, reported Heinold.

Copper—Dec 73.20-73.35 (73.05), Jan 74.05 (73.90), Feb 74.65, March 75.50-75.75, May 77.35, July 79.00, Sept 80.65, Dec 83.30, Jan 84.10, March 85.85, May 87.60, July 89.35, Sept 91.10.

*Gold—Dec. 408.0-408.8 (414.0). Jan. 410.7 (416.8), Feb. 413.0-413.5, April 420.0-422.0, June 428.0-429.5, August 437.0, Oct. 445.0, Dec. 453.5, Feb. 461.0, April 472.0, June 481.3, August 490.6, Oct. 500.1.

Potatoes (round whites)—Feb 70.0-70.1 (69.2), March 74.8 (75.0), April 84.8, Nov 77.0 11.5. Sales: 246.

¶Silver—Dec 820.0-823.0 (831.0), Jan 827.7 (839.0), Feb 835.7, March 842.0-845.0, May 861.0-863.0, July 876.0, Sept 900.0, Dec 928.0, Jan 937.3, March 955.8, May 974.3, July 992.8, Sept 1011.3. Handy and Harman bullion spot: 813.00.

Sugar—No. 11: Jan 12.70-12.80 (13.00). March 12.98-13.02 (13.27), May 13.19-13.22, July 13.41, Sept 13.65, Oct 13.81-13.83, Jan 13.91, March 14.45.

Tin—735.00-750.00 (725.00-748.00).

CHICAGO, Nov. 30.

Lard—Chicago loose 21.25 (same).

Live Cattle—Dec 62.50-62.75 (62.20), Feb 62.30-62.40 (61.20), April 62.35-62.50, June 63.25-63.35, Aug 62.90-62.95, Oct 61.60, Dec 62.80.

Live Hogs—Dec 43.25-43.55 (42.80), Feb 45.60-45.45 (44.65), April 43.85-43.95, June 45.80-45.90, July 46.80, Aug 45.05, Oct 44.15, Dec 45.55, Feb 46.95.

‡‡Maize—Dec 261-261¼ (263¾), March 280-280¾ (282), May 290¾-291¼, July 297¼-297½, Sept 301-300¾, Dec 306¾-306.

Pork Bellies—Feb 60.00-60.20 (58.65), March 60.15-60.25 (58.77), May 61.05, July 62.25-62.10, Aug 61.50.

†Soyabeans—Jan 646-647 (643¾), March 662½-663 (659½), May 678½-678, July 692-693, Aug 694½, Sept 694, Nov 698, Jan 713, March 730.

‖Soyabean Meal—Dec 187.2-187.5 (184.4), Jan 189.5-190.0 (188.0), March 193.7, May 197.2-197.5, July 200.9-201.0, Aug 201.0-201.5, Sept 201.5-202.0, Oct 201.5-202.0, Dec 204.5-205.0.

Soyabean Oil—Dec 19.78-19.77 (19.87), Jan 20.13-20.12 (20.27), March 20.71-20.72, May 21.20-21.22, July 21.75, Aug 21.90, Sept 21.90-22.00, Oct 22.05-22.15, Dec 22.30-22.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 246.34 (246.04).

WINNIPEG, November 30

§Barley—Dec. 116.00 (116.50), March 123.70 (123.70), May 127.50, July 129.00, Oct. 132.90.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, Nov. 30.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent, mid-Dec/mid-Jan 212.50, mid-Jan/mid-Feb 215. U.S. No. 2 Red Winter Jan 187.50, Feb 190.50. U.S. No. 3 Amber Durum Dec 190, mid-Jan/mid-Feb 203. U.S. No. 2 Northern Spring, 14 per cent, Dec 193, Jan 205, Feb 206, March 210.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn Yellow afloat 126, Nov 126, Dec 124, Jan 127, Feb 130, March 132, April/June 134, July/Sept 138.50, Oct/Dec 139.50.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Dec 253.50, Jan 259, Feb 263.50, March 266.75, April 269.50, May 271.50, June 273, July 275, Aug 276.25, Sept 276.50, Oct 278.50, Nov 278.50, Dec 286 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 221, Dec 232, Jan 233.50, Jan/March 237, April/Sept 246 sellers. Brazil Pellets afloat 248, Dec 250, Jan 255, Jan/March 253.50, April/Sept 253.50 sellers.

Cocoa—(FFr per 100 kg): Dec 1165/1185, March 1180/1182, May 1175/1200, July 1225 bid, Sept 1232/1255, Dec 1257/1293, March 1273/1313. Sales at call: 1.

Sugar—(FFr per tonne): March 1881/1885, May 1900/1905, July 1920/1940, Aug 1940/1965, Oct 1975/2010, Nov 1975/2010, Dec 2000/2030, March 2020/2060. Sales at call: 16.

INDICES

FINANCIAL TIMES

Nov. 27	Nov. 26	Month ago	Year ago
246.52	247.13	259.12	270.56

(Base: July 1, 1952=100).

MOODY'S

Nov. 27	Nov. 25	Month ago	Year ago
—	978.8	1000.0	1307.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 27	Nov. 25	Month ago	Year ago
Spot	376.87	358.27	358.38	464.85
Futures	367.40	366.90	375.37	498.02

(Average 1924-25-26=100)

REUTERS

Nov. 30	Nov. 27	M'nth ago	Year ago
1608.3	1605.9	1646.9	1759.0

(Base: September 18, 1931=100)

Carlton Estates

A revenue deficit for the current year is predicted by the board of Carlton Real Estates, quoted from September on the Unlisted Securities Market, and its ability to pay a dividend will be affected.

The asset base of the company is being built up from its investment and refurbishment endeavours, and it is defraining from disposing of properties at the moment.

Pre-tax profits for the six months to June 30 1981 declined from £37,749 to £20,227 after a trading loss of £49,056 (£39,249 profit). The figure also included rental income and interest received of £106,815 (£64,494) and interest charges of £37,532 (£65,994).

Turnover more than doubled to £975,347 (£452,000). The tax charge, nil this time, compares with £11,324.

Earnings per share are given as 0.24p.

Gilt-edged stocks respond to revived hopes of an early cut in interest rates and equities follow

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18

* "New time" dealings may take place from 9 am two business days earlier.

Initial hopes of an early reduction in base lending rates—talks was of a mid-week cut of ½—was dampened by the development late in the day of tighter-than-expected short-term credit conditions: this took the edge off an otherwise good overall performance on London stock markets as the second leg of the trading Account got underway.

Barclay Bank's call for a reduction in interest rates lent weight to the early enthusiasm, while the continuing strength of sterling coupled with hopes of further reductions in U.S. Prime rates gave additional encouragement to the Gilt-edged sector.

Long-dated stocks encountered sporadic support and showed gains extending to ¾ before tailing off to close with rises ranging to ½ on balance. Short-dated issues also turned reactionary in the later dealings, quotations ending a little below the best but still with gains of ⅛. The Government securities index improved 0.33 more to 64.73.

Encouraged by last Friday's good performance on Wall Street leading equities opened higher but met sellers and a rise of 3.5 in the FT 30-share index at 10 am was reduced to 1.9 an hour later. Fresh selective support, however, developed at the lower levels and the index, up 5 points at 2 pm, settled with a net rise of 4.4 at 537.8. Trading conditions were extremely thin with jobbers endeavouring to keep level book positions ahead of the Chancellor's package expected on Wednesday.

Leading Electricals were relatively active ahead of trading statements later this week from Plessey and GEC. Elsewhere, clearing Banks closed below the best but the FT-Actuaries sector index closed at its highest since compilation.

Most of the activity in secondary issues centred on companies making trading statements and those mentioned in the weekend press. Of yesterday's newcomers, Nimslo met with a poor reception following recent unfavourable comment and closed at 170p after opening at 205p.

Demand for Traded options declined slightly, total contracts completed yesterday amounting to 2,335—well below Friday's 3,038, but above last week's daily average of 1,961. Calls completed totalled 1,906 with particular attention being directed towards **British Petroleum** which recorded 404 trades, 120 of which were struck in the January 350s. **Courtaulds** continued to attract good interest in the wake of last week's interim statement with 205 calls arranged. Put money centred on **Racal** and **BP** which attracted 118 and 161 trades respectively.

Banks below best

Yesterday's two newcomers to the Unlisted Securities Market made contrasting debuts: **Nimslo International**, not expected to command a premium over the issue price of around 225p after recent adverse press articles, opened at 205p and dropped to 170p before rallying to close at 180p. On the other hand, **Saxon Oil** opened at 76p and touched 82p before closing at 77p compared with the issue price of 50p. Yesterday also saw the introduction of **Moray Firth**, dealt under Rule 163 (3); the shares opened at 117p and settled at 105p.

Renewed investment support in a market none-too-well supplied helped the major clearing banks to show early rises to 9; profit-taking towards the close left **Barclays** with a gain of only 5 at 470p and **Lloyds**, a similar amount better at 450p, after 454p. Elsewhere, **Royal Bank of Scotland**, a firm market recently on hopes that the authorities will allow Hongkong and Shanghai's bid to proceed, hardened a couple of pence to 188p, after 190p, following comment ahead of the preliminary results due on Thursday. Investment buying left **Standard Chartered** 13 higher at 668p, after 672p, while **Guinness Peat** rose 4 to 94p on a revived speculative demand.

Leading Breweries closed at the day's best. **Grand Metropolitan**, 181p and **Bass**, 210p, both added 4, while **Arthur Guinness**, a firm market last week on the intimated sale of its Callard and Bowser subsidiary, rose a similar amount to 65p. **Allied-Lyons** gained the turn to 75p awaiting today's mid-term results. Wines and Spirits, neglected of late, also closed with gains of a few pence reflecting seasonal interest. **Merrydown Wine**, dealt in the Unlisted Securities Market, advanced 5 to 34p following the increased first-half earnings and the bullish tone of the accompanying statement.

Leading Buildings passed a quiet session and closed little changed, but selected secondary issues attracted support. **Brown and Jackson**, a poor market of late, put on 7 to 36p on recovery hopes, while revived demand in a thin market lifted **Galliford Brindley** 8 to 60p. **Aberthaw Cement**, also a restricted market, jumped 30 to 330p following press comment. Elsewhere, **John Carr (Doncaster)** firmed 3 to 66p in response to the satisfactory annual profits and dividend increase. **North Midland Construction** put on 7 to 55p in a thin market in belated response to Friday's preliminary results.

ICI encountered a reasonable two-way business and touched 300p before drifting off to close unchanged on balance at 294p.

Harris Queensway up

Stores made modest progress in subdued trading and, although best levels were not maintained, the leaders still finished with gains of 4. **Mothercare** added that much to 150p, after 152p and Mail-orders were firm under the lead of **Grattan**, also 4 dearer, at 90p. **Fine Art Development** added 2 to 50p; the interim results are expected on Thursday.

Revived support developed for **Harris Queensway**, 10 up at 116p, but profit-taking clipped 5 from **Polly Peck**, 342p, and 4 from **Currys**, 176p.

MK highlighted Electricals, rising 14 to 236p in response to the better-than-expected first-half profits. Elsewhere, a fair amount of interest was shown in **GEC** and **Plessey** ahead of their respective interim announcements on Thursday; the former touched 785p before closing a net 2 harder at 783p, while the latter firmed 5 at 342p. Comment on the interim figures helped **Rediffusion** to rally 6 at 173p, while **United Scientific** revived with an improvement of 13 to 520p.

Suspended at 94p a week ago prior to the announcement that an offer may be made for the company, dealings in **Ductile Steels** were resumed yesterday at the Board's request because a bid has not yet materialised; opening at 95p the shares improved to 98p before reacting to close at 90p. Elsewhere in a quiet Engineering sector, **Barton** rose 5 to 29p following demand in a thin market, while **Meggitt** rose 3 to 14p. Firm recently on a broker's circular, **Vickers** added 3 afresh to 162p.

Among the occasional movements in Foods, **J. Sainsbury** hardened 5 to 490p, but **Unigate** lost the turn to 95p following adverse Press comment. **Bernard Matthews**, a thin market, shed 10 to 120p, also after adverse comment, while **Chambers and Fargus** came on offer and gave up 2½ to 34p. **Alpine Soft Drinks** hardened 3 to 65p.

Hotels and Caterers displayed a dull feature in **Ladbroke** which shed 7 to 128p on persistent small selling. **Epicure** added 2 to 34p following a Press mention.

Boots wanted

Buyers came for **Boots** following weekend Press comment and the close was 9 higher at 204p, after 206p. Among the other generally firm miscellaneous industrial leaders, **Pilkington** followed Friday's gain of 13 with an improvement of 7 to 300p on renewed investment support ahead of tomorrow's interim figures. An investment recommendation left **Bowater** 4 dearer at 215p, while **Trafalgar House** hardened 2 to 97p on Press reports that the company is planning to sell off its publishing interests. After Friday's late speculative surge of 12 on rumours of an imminent dawn raid or bid, **Rank Organisation** met profit-taking and cheapened 3 to 162p. Elsewhere, **Crest Nicholson** rose 6 to 78p after Press comment and **Hanson Trust** advanced 7 to 279p awaiting today's preliminary results. **Chamberlain Phipps** rose 5½ to 48½p in response to the better-than-expected interim profits and **WGI** added 4 at 104p, also after half-year trading news. Speculative buying in a thin market lifted **H. Brammer** 12 to 124p and **Moben** appreciated 2 to 18p following an investment recommendation. Against the trend, **Brady Industries "A"** shed 4 to 43p following the half-year deficit and the interim dividend omission.

Samuelson Film Services, a thin market, advanced 25 to 145p following the annual results and property revaluation.

Oils steady

Among irregular Paper/Printings, favourable Press comment prompted a gain of 4 to 94p in **John Waddington**, while **BPC** added 1½ to 26½p for a similar reason. **Geers Gross**, however, eased 6 to 109p on profit-taking.

Properties were subdued. **MEPC** hardened 3 to 240p awaiting today's preliminary results. **Great Portland Estates** remained a depressed market on rights issue rumours and shed 6 more to 190p, but **Slough Estates** improved a penny to 126p on news of a £40m loan facility for a subsidiary. Elsewhere, **Crest International Securities** shed 2½ to 12p, after 11½p, following adverse Press comment, but **Estates and General** came in for support and put on 5 to 52p. Demand in a market short of stock lifted **M. P. Kent** 9 to 74p, while **Marler Estates** revived and added 4 to 62p.

Quiet conditions prevailed in the Oil sector ahead of BP's third-quarter figures, due on Thursday; BP touched 336p before settling a couple of pence dearer on balance at 334p and **Shell** closed with a similar improvement at 410p.

Golds quiet

South African Golds mirrored the course of the bullion price yesterday, with the heavyweights opening 50p or more firmer and then drifting off during the day to close showing only slight gains. After opening at $416.25, gold fell away to close at $409, a fall of $3.50, but the Gold Mines index showed a gain of 2.5 to 323.

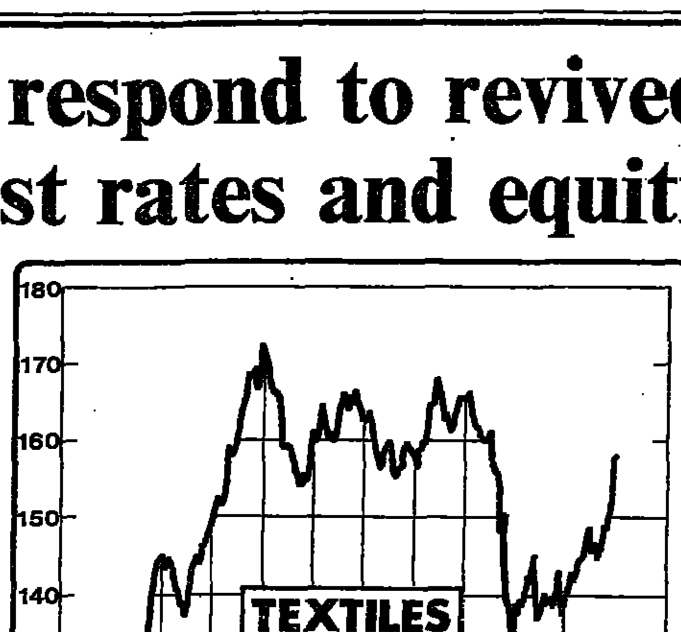
Free State Geduld and **President Steyn** were the best of the higher-priced issues, with rises of ½ to £17 and £16 respectively.

Among the lower-priced stocks, **Blyvoor** stood out with a rise of 19 to 660p, while **West Rand Consolidated**, 122p, **Kinross**, 634p, **Deelkraal**, 178p, and **Libanon**, 989p, all closed 10 or more better. **Stilfontein** were an exception to the trend and gave up 22 to $37p.

South African Financials followed a similar pattern, with **Anglo American Gold** up ½ to £43¼ and **Johannesburg Consolidated Investment** a similar amount to the good at £37.

Australians had a good day, opening higher in line with the strong performance in overnight domestic markets and, in some cases, adding to those gains on renewed UK investor interest. **Western Mining**, 250p, **Peko-Wallsend**, 360p, and **Meekatharra Minerals**, 340p, all ended 10 firmer.

In generally quiet Tins, **Pengkalen** reached a high for the year of 195p with a gain of 9 on takeover speculation.



FINANCIAL TIMES STOCK INDICES

	Nov. 30	Nov. 27	Nov. 26	Nov. 25	Nov. 24	Nov. 23	A year ago
Government Secs.	64.73	64.40	64.36	64.70	64.12	65.96	70.57
Fixed Interest	64.75	64.65	64.58	64.54	64.16	64.22	71.83
Industrial Ord.	537.8	533.4	526.1	526.2	520.0	517.8	493.3
Gold Mines	323.0	320.5	320.7	318.4	298.2	298.7	521.4
Ord. Div. Yield	5.65	5.69	5.74	5.71	5.76	5.80	7.19
Earnings, Yld. % (full)	9.68	9.74	9.76	9.75	9.84	9.91	16.06
P/E Ratio (net) (*)	13.23	13.14	13.13	13.15	13.03	12.94	7.64
Total bargains	19,836	18,340	17,901	18,400	17,090	18,015	21,623
Equity turnover £m.	—	124.35	149.22	137.12	111.80	134.08	107.414
Equity bargains	—	13,156	13,579	13,822	13,076	13,732	16,928

10 am 536.9 11 am 535.3 Noon 538.0 1 pm 538.3
2 pm 538.4 3 pm 538.0
Latest Index 01-246 8026
*Nil=11.73
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35
Gold Mines 12/9/55. SE Activity 1974

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	263.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 27	Nov. 26
—Daily Gilt Edged Bargains	160.5	187.0
Equities Bargains	85.24	88.0
Value	251.3	301.6
5-day Avrge. Gilt-Edged Bargains	188.6	192.3
Equities Bargains	87.3	90.8
Value	265.4	284.8

MONTHLY AVERAGES OF STOCK INDICES

—	November	October	September	August
Financial Times				
Government Securities	63.43	61.16	62.80	64.48
Fixed Interest	63.73	62.46	64.57	66.09
Industrial Ordinary	511.06	474.8	525.0	554.4
Gold Mines	325.7	360.9	396.1	355.2
Total Bargains	17,472	15,995	18,941	17,157
F.T.—Actuaries				
Industrial Group	283.04	264.97	289.48	306.73
500 Share	319.48	298.30	320.64	343.26
Financial Group	253.45	239.38	258.68	273.55
All-Share (750)	304.89	286.50	308.65	329.64

	High	Low
Industrial Ordinary	537.8 (30th)	478.9 (2nd)
All-Share	315.14 (30th)	291.87 (2nd)

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (29)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Treas. 9¼pc 1983
COM'WEALTH & AFRICAN LOANS (1)
Aust. 5½pc 1981-82
INTERNATIONAL BANK (2)
Int. Bk. 5pc '77-82 Mex. 16½pc 2008
LOANS (3)
Nationwide 14¼pc Bds 11/5/82 Nationwide 16¼pc Bds. 27/10/82
Nationwide 14¼pc Bds. 25/6/82
BANKS (1)
Lloyds Bank
BEERS (1)
Greene King
BUILDINGS (3)
Aberthaw Cement Galliford Brindley
Breedon Cloud Lime
STORES (1)
Habitat
ENGINEERING (2)
Hall (M.) Mitchell Somers
FOODS (1)
British Sugar
INDUSTRIALS (4)
Chamberlain Phipps Portals
Harris (Ph.) Vinten
LEISURE (1)
Saga Holidays
PAPER (2)
BPC Saatchi & Saatchi
PROPERTY (1)
C.A.L.A.
SHOES (1)
Headlam Sims
SOUTH AFRICANS (1)
Greatermans A
TRUSTS (1)
Grange Trust
MINES (1)
Pengkalen

NEW LOWS (12)

AMERICANS (3)
Honeywell Woolworths
Simplicity
BANKS (1)
Allied Irish
ELECTRICALS (1)
Hemokinetics
INDUSTRIALS (2)
Hunting Assoc. Wood & Sons
TEXTILES (1)
Yorks. Fine Wool
TRUSTS (2)
SPLIT Inc. Fashion & General
OIL & GAS (1)
Lon. Am. Energy N/V
MINES (1)
Pacific Copper

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	1	9
Corpns. Dom. & Foreign Bonds	16	—	57
Industrials	294	128	833
Financial & Props.	198	43	267
Oils	25	25	56
Plantations	6	1	15
Mines	67	20	81
Others	43	61	49
Totals	731	279	1,466

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5
Jan. 4	Jan. 15	Apr. 15	Apr. 26

For rate indications see end of Share Information Service

Money was given for the call in Transparent Paper, Western Selection, Royal Bank of Scotland, Lonrho, Tecalemit, Scottish and Newcastle, Town and City Properties, P & O Deferred, Lennons, Dacjan, Rothmans, Barker and Dobson, Bowater, Hambros Bank, Britannia Arrow, Amstrad, Woodside, J. Finlan and Derritron. A put was taken out in Royal Bank of Scotland, while doubles were arranged in ICI, BP, RTZ, Lasmo, ICL, F. H. Lloyd and Chloride.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on November 30 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING	PLACE AND LOCAL UNIT	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

†That part of the French community in Africa formerly French West Africa or French Equatorial Africa. ‡Rupees per pound. §General rates of oil and iron exports 82.10. **Rate is the transfer market (controlled). ††Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers. ††Last week the rate quoted for Sudan £ should have read 1.71.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or –	Div.	Times covered	Gross yield	Price/Earnings ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Dowty	138	+ 4	Meekatharra	340	+10
Ductile Steels	90	—	Midland Bank	333	+ 3
GEC	783	+ 2	Nimslo	180	—
Grand Metropolitan	181	+ 4	Peko-Wallsend	360	+10
ICI	294	—	Racal Electronic	423	+ 3
MK Electric	236	+14	W. Mining	250	+10

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
RTZ	18	480	+12	Courtaulds	12	74	+ 5
GEC	17	781	+ 8	GKN	12	174	+ 2
ICI	17	294	+10	Pilkington	12	293	+11
BAT Inds.	16	350	+ 9	Shell Trans.	12	408	+12
GUS A	14	422	+ 2	Tricentrol	12	268	+12
Midland Bk	14	335	+13	Plessey	11	337	—
Imperial Grp.	13	69	+ 2	Rank Org.	11	165	+12

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Nov. 30, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Nov. 27 Index No.	Thurs., Nov. 26 Index No.	Wed. Nov. 25 Index No.	Tues. Nov. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	351.64	+0.6	9.91	4.49	12.43	349.44	346.58	345.27	340.65	298.23
2	Building Materials (25)	307.47	+0.5	14.71	5.60	7.77	305.83	301.21	298.46	293.51	249.01
3	Contracting, Construction (28)	527.36	+0.4	18.09	5.26	6.49	525.09	515.69	510.74	503.14	422.97
4	Electricals (30)	1200.38	+0.5	7.60	2.59	16.43	1194.02	1184.64	1179.60	1167.98	903.55
5	Engineering Contractors (9)	491.63	+0.1	12.88	5.64	9.06	491.12	490.28	489.62	479.55	370.50
6	Mechanical Engineering (66)	191.61	+0.8	11.06	5.68	11.55	190.13	189.09	189.40	187.12	183.55
8	Metals and Metal Forming (12)	167.45	+0.7	8.25	7.25	16.42	166.27	166.72	167.32	164.64	151.17
9	Motors (21)	95.33	+0.9	—	7.13	—	94.51	93.04	93.33	91.23	95.24
10	Other Industrial Materials (18)	369.75	+1.0	8.98	6.13	13.50	366.01	363.16	362.81	356.13	0.00
21	CONSUMER GROUP (198)	271.59	+0.8	13.20	6.07	9.33	269.43	260.75	268.54	266.34	246.30
22	Brewers and Distillers (20)	279.31	+1.8	16.10	6.94	7.48	274.40	274.19	274.41	272.00	281.96
25	Food Manufacturing (21)	265.16	+0.4	15.51	6.41	7.78	264.13	263.83	264.69	262.54	219.82
26	Food Retailing (15)	540.57	+0.5	9.93	3.62	12.30	537.73	544.03	543.99	540.46	483.21
27	Health and Household Products (7)	347.39	+0.1	9.03	4.62	13.02	346.96	349.57	349.95	349.60	249.00
29	Leisure (24)	423.39	+0.3	9.56	5.20	13.03	422.28	422.35	423.31	420.92	363.40
32	Newspapers, Publishing (12)	482.03	+0.8	12.79	6.25	11.33	476.86	476.13	476.11	476.82	442.25
33	Packaging and Paper (13)	133.53	+1.2	15.44	8.07	7.72	131.98	131.17	131.16	129.80	121.97
34	Stores (46)	244.69	+1.1	11.72	5.50	11.46	242.75	241.70	239.95	237.29	253.90
35	Textiles (23)	158.71	+0.7	9.60	6.21	13.61	157.62	153.13	149.38	140.66	124.90
36	Tobaccos (3)	257.36	+0.4	22.49	10.13	5.11	255.38	249.67	251.92	244.04	283.14
39	Other Consumer (14)	255.89	+1.6	7.27	7.06	24.89	252.94	251.95	254.19	247.46	0.00
41	OTHER GROUPS (80)	225.77	+0.4	10.72	6.13	12.06	224.90	221.08	221.74	219.61	222.70
42	Chemicals (16)	297.44	—	5.36	6.04	31.32	297.50	290.14	292.04	209.01	301.53
44	Office Equipment (4)	112.59	−0.9	16.24	7.82	7.36	113.55	107.76	107.38	104.15	105.07
45	Shipping and Transport (13)	499.94	+1.1	21.44	7.39	5.55	494.54	495.46	498.37	496.34	572.01
46	Miscellaneous (47)	285.42	+0.8	12.04	5.57	10.39	283.13	280.69	280.63	270.66	273.74
49	INDUSTRIAL GROUP (487)	292.38	+0.7	11.61	5.47	10.66	290.40	283.49	288.12	284.98	261.63
51	Oils (13)	773.85	+0.4	18.40	7.29	6.15	770.61	750.40	761.29	755.94	1036.76
59	500 SHARE INDEX	331.37	+0.6	12.88	5.81	9.38	329.29	326.55	326.44	323.12	322.82
61	FINANCIAL GROUP (119)	260.42	+0.7	—	5.83	—	258.73	257.07	256.76	255.53	[illegible]
62	Banks (6)	291.32	+0.9	30.60	6.45	3.85	289.20	281.95	278.77	275.67	243.30
63	Discount Houses (9)	255.98	—	—	8.68	—	256.53	254.86	250.35	249.61	246.25
64	Hire Purchase (3)	225.76	—	13.78	8.19	10.05	225.76	222.90	219.40	215.57	299.39
65	Insurance (Life) (9)	259.53	+0.7	—	6.16	—	257.70	237.59	258.28	256.44	219.15
66	Insurance (Composite) (10)	164.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	253.56
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	315.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon. Nov. 30	Day's change %	Fri. Nov. 27	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Mon. Nov. 30	Fri. Nov. 27	Year ago (approx.)
British Government				
Low Coupons	5 years	[illegible]	[illegible]	[illegible]
	15 years	[illegible]	[illegible]	[illegible]
	25 years	[illegible]	[illegible]	[illegible]
Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
	15 years	[illegible]	[illegible]	[illegible]
	25 years	[illegible]	[illegible]	[illegible]
High Coupons	5 years	[illegible]	[illegible]	[illegible]
	15 years	[illegible]	[illegible]	[illegible]
	25 years	[illegible]	[illegible]	[illegible]
Irredeemables		[illegible]	[illegible]	[illegible]
Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
	15 years	[illegible]	[illegible]	[illegible]
	25 years	[illegible]	[illegible]	[illegible]
Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
76-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	[illegible]	67.8	-0.1	2.14
Capital	[illegible]	42.1	+0.3	4.04
(Accum. Units)	[illegible]	54.4	+0.4	4.04
General	[illegible]	65.2	+0.7	4.71
Gilt & Fixed Int.	[illegible]	101.4	-2.2	12.90
Income	[illegible]	40.0	+3.3	8.78
Worldwide Bond	105.2	111.3	-0.1	6.02
Inv. Tst. Fd.	51.5	55.7	+0.6	4.31
Equitas Prog.	83.6	90.6	+0.9	4.51

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust ... 85.3 89.7 +0.5 13.53

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	91.5	97.9	+1.0	5.51
Brit. Inds. Fund	77.4	82.8	+0.8	6.45
Growth & Income	57.9	61.9	+0.6	4.04
Elect. & Ind. Dev.	47.3	50.6	+0.3	4.74
Allied Capital	99.3	106.3	+1.0	4.69
Hambro Fund	135.9	145.4	-2.2	5.78
Hambro Acc. Fund	199.0	212.9	+1.9	4.65

Income Funds

High Yield Fd.	65.0	69.6	+0.6	8.99
High Income	[illegible]	89.0	+0.7	7.14
Equity Income Fd.	47.8	51.1	+0.3	7.22
Gilt Secs.	23.1	23.7	+0.2	13.42

International Funds

International	36.1	38.6	-0.1	2.20
Japan Fund	[illegible]	31.7	-0.2	0.53
Pacific Fund	72.3	77.3	-0.2	1.42
Secs. of America	83.6	89.5	-0.5	2.66

Specialist Funds

Smaller Co.'s Fd.	56.6	60.6	+0.4	3.88
2nd Smlr. Co's Fd.	[illegible]	74.9	+0.2	4.05

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	27.9	30.3	-0.2	1.63
Australian (z)	23.5	25.4	+0.1	1.98
Far Eastern Tst. (z)	42.0	45.6	-0.6	1.25
High Income	33.6	36.4	+0.3	12.10
Intl. Trust (z)	48.3	52.5	-0.3	1.45
Basic Resources Tst.	48.7	52.8	+0.1	2.14
Incm. Growth Tst.	28.5	25.6	+0.3	8.40
Pref. & Gilt Tst.	18.7	20.3	.....	15.72
Smaller Co's Trust	28.2	30.6	.....	3.56

Chesterton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.4	16.6	+0.1	3.87
International	59.5	64.3	+0.2	1.18
High Income	27.5	29.7	.....	11.95

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282
Growth Fund ... 72.8 76.6 ..... 3.72
For Cosmopolitan see Chesterton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	35.9	36.9	+0.3	12.37
North American	59.5	64.2	-0.2	2.49
Canadian Exempt*	64.8	68.6	.....	3.35
Canadian Trust	54.7	59.1	-0.2	3.05
Mid Mount High Inc.*	43.1	45.7	.....	10.54
Recovery	51.7	56.4	-0.4	4.00
Gilt Trust	39.5	41.5	+0.3	13.80

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.8	45.1	-0.1	0.55
Cres. Internat'l.	88.6	95.6	-0.5	1.57
Cres. High. Dist.	42.1	45.4	+0.4	9.64
Cres. Reserves	51.5	55.6	+0.6	5.40
Cres. Tokyo	40.0	43.2	-0.5	0.29

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst. 23.0 24.5 ..... 9.11

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. Nov. 20 ... 234.6 250.4 ..... 5.30

FT UNIT TRUST INFORMATION SERVICE

INSURANCE PROPERTY BONDS

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

10	6	††Explaura Gold	6	......	—		—	—
98	47	††Hemerdon 10c.	63	+1	—		—	—
180	65	Highwood Res.	80	......	—		—	—
505	260	Northgate C$1	290	+5	—		—	—
623	372	R.T.Z.	477xd	-3	16.0		2.3	4.8
£130½	£95½	Do.8½%Cv.Ln.'95-2000	£105½	......	Q9½%		—	f9.3
103	23	††SPD Minerals 10p	24	......	—		—	—
47	18	Sabina Inds. C$1	20	......	—		—	—
44	21	¶Cocthorest C. 10p.	33	......	—		—	—
650	465	Tara Exptn. $1	545	......	—		—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ° "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	+1			
Bertrams	17½	+½			
Bdg'wtr. Est. 50p	405	......			
Craig & Rose £1	£13	......			
Finlay Pkg. 5p	25½	......			
Graig Ship. £1	£19	......			
Higsons Brew	75xd	+3			
Holt (Jos) 25p	515	......			
I.O.M. Stm. £1	150	......			
Pearce (C. H.)	780	......			
Peel Hldgs.	123	......			
Sheff. Refrshmt.	88	......			
Sindall (Wm.)	190	......			
			IRISH		
			Conv. 9% '80/82	£93¾	......
			Nat. 9¾% 84/89	£70	......
			Fin. 13% 97/02	£74¾	......
			Alliance Gas	70	......
			Arnott	225xd	......
			Carroll (P.J.)	83	......
			Concrete Prods.	90	......
			Heiton (Hldgs.)	24½	......
			Irish Ropes	38	......
			Jacob	62	......
			T.M.G.	18	......
			Unidare	56	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
A. Brew	6½	I.C.I.	28	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5	**Property**	
Babcock	9	Ladbroke	13	Brit. Land	7
Barclays Bank	30	Legal & Gen.	20	Cap. Counties	10
Beecham	17	Lex Service	9	Land Secs.	30
Blue Circle	38	Lloyds Bank	28	MEPC	23
Boots	12	"Lots"	3½	Peachey	15
Bowaters	19	London Brick	6½	Samuel Props.	13
Brit. Aerospace	17	Lucas Inds.	18	Town & City	2¾
B.A.T.	28	"Mams"	11	**Oils**	
Brown (J.)	8	Mrks. & Spncr	10	Brit. Petroleum	28
Burton Ord.	12	Midland Bank	26	Burmah Oil	11
Cadburys	8	N.E.I.	7	Charterhall	6
Courtaulds	5½	Nat. West. Bank	30	KCA	12
Debenhams	7	P & O Dfd.	9	Premier	7
Distillers	16	Plessey	26	Shell	28
Dunlop	6½	Racal Elect.	34	Tricentrol	25
Eagle Star	25	R.H.M.	5	Ultramar	40
F.N.F.C.	4	Rank Org. Ord.	14	**Mines**	
Gen. Accident	30	Reed Intnl.	23	Charter Cons.	21
Gen. Electric	55	Sears	5	Cons. Gold	40
Glaxo	52	Tesco	5	Lonrho	7
Grand Met.	15	Thorn EMI	30	Rio T. Zinc	45
G.U.S. 'A'	36	Trust Houses	11		
Guardian	30	Tube Invest.	12		
G.K.N.	12	Turner & Newall	7½		
Hawker Sidd	25	Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday December 1 1981

MONOPOLIES COMMISSION GIVEN REGULAR ROLE

State industries face inquiry

BY DAVID CHURCHILL AND JOHN ELLIOTT

UP TO SIX nationalised industries a year are to be investigated by the Monopolies and Mergers Commission as part of the Government's drive to improve public sector efficiency.

The move was announced yesterday by Mr Nicholas Ridley, Financial Secretary to the Treasury, in a Commons debate on the role of the Comptroller and Auditor General (CAG).

It follows the Government's rejection, in a White Paper *published in the summer*, of a Public Accounts Committee recommendation that the CAG, the Commons watch-dog over public spending, be given new powers to investigate nationalised industries.

The Monopolies Commission has investigated four nationalised industries over the past year, including rail, electricity, and postal services. It will shortly be asked to investigate the coal industry. All nationalised industries should be covered in a four-year period. No industry will normally be covered twice in that time.

This expanded brief for the Monopolies Commission fits in with broader attempts by Ministers to stimulate the industries to adopt more private-sector style commercial attitudes. Ministers also want to improve relationships between the industries and government departments.

Other changes are being considered by the Government following a report prepared for the Prime Minister at the end of the summer by the Central Policy Review Staff (CPRS), the Downing Street Think-Tank.

Sir Geoffrey Howe, the Chancellor, is expected to hold talks with the state industry chairmen in the next few weeks on these other possible changes.

They are based on the CPRS report. They include the appointment of more commercially-qualified people to those Government Departments responsible for monitoring nationalised industries, the setting up of ministerial committees to maintain regular contact with the industries and the appointment of more non-executive directors to state industry boards.

The Monopolies Commission's efficiency investigations will be carried out under the Competition Act 1980. The commission's resources will be strengthened to cope with the extra workload.

The programme of investigations will be announced annually although next year's programme has not been decided. The water authorities, however, may be another early target for investigation.

As part of the Monopolies Commission's new *brief* for investigations, it has been asked to set priorities for action, to quantify its proposals and to make specific recommendations.

The nationalised industries will be expected to give the Government their response within four months of a report being published, followed by a further progress report after 12 months.

The proposals announced yesterday are unlikely to meet much opposition from the industries' chairmen. They would probably prefer their businesses to be examined by the commission, which has commercial experience, rather than by the Comptroller, who specialises in the operations of government departments and other Whitehall agencies.

Parliamentary report and background, Page 10

Suzuki Cabinet in big reshuffle

By Richard C. Hanson in Tokyo

MR ZENKO SUZUKI, the Japanese Prime Minister, made major changes to his Cabinet *yesterday and called on his* new ministers to try to ease the current trade friction between Japan and the West.

Mr Shintaro Abe, the new head of the Ministry of International Trade and Industry (MITI), said Mr Suzuki had stressed to him, after the reshuffle, the importance of reducing tensions over Japan's trade performance.

"In appointing me to this position, the Prime Minister told me one of the most important tasks the Government is facing is trading friction," he *said.*

Mr Yoshio Sakurauchi, the new Foreign Minister, said that *Japan would* work to open its markets to more imports, and so reduce the trade surplus which this year threatens to top $20bn (£10.2bn) with the U.S. and $15bn with the EEC.

Mr Suzuki's new Cabinet, the first reshuffle since he formed *his Government* 16 months ago, presented no surprises. The Prime Minister's main goal has been to maintain the delicate balance of power between the ruling Liberal Democratic Party's major factions.

Mr Sakurauchi, aged 69, formerly Secretary General of the LDP, replaces Mr Sunao Sonoda.

Mr Abe, moved from a job in the party hierarchy to MITI, is expected to be able to smooth over many of the disputes which flared in recent months between the Foreign Ministry and MITI over international trade relations.

The previous MITI chief, Mr Rokusuke Tanaka, was moved into the position of head of *the LDP's Policy Affairs* Research Council.

Both Mr Michio Watanabe, the Finance Minister, and Mr Toshio Komoto, Director-General of the Economic Planning Agency, held on to their positions.

Mr Komoto stressed after the reshuffle had been announced that he and other ministers concerned with the economy would urgently consult to seek ways to expand domestic demand and increase imports.

Mr Suzuki faced some last-minute problems of balancing the factional interests of the two main backers of his government—Mr Takeo Fukuda and Mr Kakuei Tanaka both former Prime Ministers. (Mr Tanaka *is still on trial for alleged in*volvement in the Lockheed brikery scandal.)

Both the Tanaka and Fukuda factions each received four of the 20 cabinet posts.

THE LEX COLUMN

Trafalgar seeks Express relief

Trafalgar House does not in*tend to sell Express Newspapers* and plans to demerge its newspaper interests have been de*ferred. But it still seems keen* to split off its newspaper and magazine division into a separate quoted company and hand out the shares free to existing Trafalgar shareholders in the way that was pioneered by Tricentrol earlier this year. The announcement, which was due this month, could be delayed by as much as a year.

In each of the last two financial years, Trafalgar had thought that the newspaper division had at last turned the corner and was on the way to making the £10m or *more a year which seemed to* be in its grasp. On each occasion, it has been disappointed. *The division made £6.1m in the* half year to March, but for the year to September its profits may not be much more than £6.5m compared with £4.2m last time.

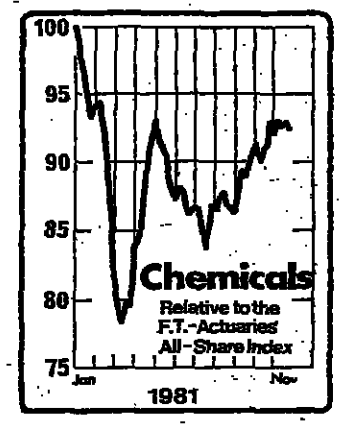
The recession has hit Morgan—Grampian's technical periodicals, and the Daily Star may have lost roughly £8m. The Daily Express and the Evening *Standard have* been bobbing about either side of break even, while the Sunday Express is probably making less than £10m.

About two months ago, Trafalgar decided to hive the whole business off into a separately quoted company. There were at least three reasons for this move. One was the feeling that *the presence of a fairy god*mother—in the shape of a wealthy holding company—was counter productive on Fleet Street. Another was to boost the status and therefore the calibre of the division's managers, by making them directors of an *independent public company.*

Then there was the fact that Trafalgar's stock market status has unquestionably been damaged by its newspaper interests. Even after a sharp rise in the share price in the last couple of days, the dividend yield for *the year just ended is at least* 8.9 per cent. The property and contracting activities are going *through a buoyant* phase, and the outlook for the current year is promising. Stock market analysts reckon that profits in 1980-81 rose from £49.1m to roughly £55m.

Buying Express and Morgan-Grampian cost about £36m, and *there has been significant* new investment in the business. The net cost will be reduced by *developing the Shoe Lane head*quarters of the Evening Standard — which could make *something like £15m* — but the division's return on capital is way below original hopes.

Index rose 4.4 to 537.8



The idea was that Trafalgar *would swap* some of its loans to the division into equity, taking the profits level up to about £10m a year. It was also considering the idea of putting in a low coupon convertible, which might have left it with as much *as a third of the enlarged equity.* Lord Matthews would be chairman of the new company, and remain chief executive of Trafalgar.

These plans have been upset by last week's sacking of the deputy chairman and managing director of *Express Newspapers,* Mr Jocelyn Stevens. This has raised questions about the outlook for newspaper profits in the current year, and about the future management structure at Express, which could not be resolved in the few weeks before *Trafalgar's preliminary* statement.

But Trafalgar still seems to want to change its relationship with the newspaper business, while keeping it in the family. And the reaction of its share price to the idea will not have gone unnoticed.

Meanwhile there is some speculation that Trafalgar may be considering expanding some of its other interests by acquisition. It has bought a stake of nearly 15 per cent in French Kier, and is rumoured to have cast an eye at Redpath Dorman Long, the British Steel offshoot.

European chemicals

The third quarter figures from the West German chemical majors make depressing reading, set against the modestly *encouraging* upturn at ICI. Bayer has shown a fall of 48 per cent at the pre-tax level, while all three have shown a profits decline over the first nine months and Hoechst is calling on shareholedrs for finance at a time when there can be little call for capacity *expansion.*

A weak D-Mark and the comparative resilience of the *domestic economy spared the* German majors the horrors of the ICI revenue account last year. *The tables have now been* turned, with the D-Mark's 10 per cent appreciation against sterling in the third quarter allowing ICI to capture a greater share of the German market. And the prospects for any real economic growth in Germany next year are now looking bleak.

So ICI, which has been under greater pressure to prune *capacity* than the European competition, now looks better placed. But without a worth*while recovery in demand, more* major capacity reductions will be needed throughout the industry. No European company is yet making money in fibres and the plastics business is fast emerging as the new disaster industry. ICI, meanwhile, can take no comfort from the recent upward twist which the pound has taken against *the D-Mark.*

Royal Bank

The Monopolies Commission has yet to pronounce on the rival bids for Royal Bank of *Scotland, but the two sides are* working up a vigorous propaganda battle. The Hongkong and Shanghai Bank trumpets the advantages of a partnership or, more modishly, an Alliance, while it is left to the Royal Bank to point out the benefits that would flow from a New Group made up of itself and the reticent Standard Chartered.

But it is questionable whether the Royal Bank has been wise to allow itself to be lured into a verbal scrap. Its latest statement is in some ways absurdly unbalanced. Can it be true, for instance, that Royal Bank employees after a Hongkong takeover would gain "little additional opportunity" *to widen their experience and* obtain promotion? Might not the Hongkong Bank be at least as effective as Standard Chartered in improving the Royal group's ability to service UK industry?

The risk for the Royal Bank in staking its credibility on the view that a Hongkong bid would infringe the public interest is that the Monopolies Commission is about to pronounce, after a lengthy investigation, *on this very point. If the Com*mission takes a different view, the Royal Bank will be forced to argue on a much less elevated plane.

Company loan scheme failures reported

By John Elliott, Industrial Editor

THE FIRST failures of small companies supported by the Government's bank loan guarantee scheme are beginning to be reported to bank *head offices, only six months* after the scheme was introduced.

So far, there are believed to have been two cases of companies closing down, but another half dozen are understood to be having trouble meeting all their financial commitments.

Neither the Government, nor the banks and financial institutions involved, have yet decided whether to make formal announcements about the failures.

Some 1,500 businesses have had loans totalling about £52m under the scheme, *which was introduced at the* start of June as a three-year experiment. This is a far greater number than had been expected, and means that the original total of £50m agreed by the Treasury for the first full year has already been used up.

As a result, the £150m fixed for the full three years *will probably be committed* by winter, at which point the Government will have to decide how to put the scheme on a more permanent basis.

Mr John MacGregor, Industry Department Minister responsible for small businesses, *is about to tell the 30* banks involved in the scheme that he intends to survey progress soon *after Christmas.*

He will first examine detailed case studies and will ask the banks to provide information about whether the businesses could have found alternative forms of finance. He will also explore how many jobs have been created and what the failure rate is likely to be.

***Most of the banks expect* a failure rate of not more than one in 10, although the Industrial and Commercial Finance Corporation believes that lending money to high-risk small businesses can lead to one failure in three.**

Later next year Mr MacGregor will launch a wider survey aimed at discovering what economic contributions the scheme is likely to make.

Under the scheme, loans of up to £75,000 are provided by banks. The Government guarantees 80 per cent of the loan.

Feature, page 15

Israeli Cabinet accepts Sinai force compromise in principle

BY DAVID LENNON IN TEL AVIV AND REGINALD DALE IN WASHINGTON

*THE CRISIS in U.S.-Israel rela*tions over European participation in the multinational peacekeeping force in Sinai appeared to be easing yesterday as the Israeli Cabinet accepted in principle a compromise proposal worked out in extended talks in Washington on Friday.

Israel still seeks minor changes in the proposed joint *statement of principles for* creating the force which will negate European references to the EEC's Venice Declaration and its call for the Palestine Liberation Organisation to play a role in the peace process.

In Washington, Mr Alexander Haig, U.S. *Secretary of State,* said he was hopeful both that Israel would accept European *troops and that a new memo*randum of understanding on military strategy between Israel and the U.S. could be signed without too many hitches.

Mr Haig said he did not expect the Europeans to take back the statements they had *made stressing the need for* PLO participation in the peace process. The U.S. would have to insist, however, that participation in the force was within the intent and overall purposes of the Camp David accords.

He thought the differences between the European, U.S. and Isreali position were adjustable and manageable. He said, however, the U.S. would proceed without the Europeans if necessary with a number of nations which had already agreed to participate. Firm offers have so far been made by Fiji, Uruguay and Colombia.

In talks with Mr Yitzhak *Shamir, Israel's Foreign Min*ister, last Friday, Mr Haig proposed that the U.S. and Israel issue a joint statement citing the Camp David accords as the sole basis for the establishment of the force to police Sinai after Israel's final withdrawal in April.

Mr Shamir had been summoned to Washington when it *became clear* Israel intended to veto European participation in the force.

*After seven hours of discus*sion on Friday a draft statement was worked out. Mr Shamir brought this back to Jerusalem on Saturday..

Mr Menahem Begin, Israel's Prime Minister, proposed making some minor changes in the statement. This was approved by the Cabinet yesterday. The main purpose of the changes will be to exclude references to other documents on the Middle *East, such as United Nations* Security Council resolutions 242 and 338, leaving mention only of the Camp David accords and the Egypt-Israel peace treaty.

The amendments sought are being sent to Mr Haig. The Israeli Cabinet will meet again *on the Sinia force once the Sec*retary of State's response has been received.

Search goes on for Syrian bomb victims, Page 2

Nigeria awards £160m contract

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

CAPITAL PLANT International (CPI) of London, a member of the engineering division in the *Mitchell Cotts group, has signed* a £160m contract to establish a college of technology and an institute of mining and metallurgy in the West-Central Nigerian state of Kwara.

The contract is claimed to be the biggest signed by a UK *company* in Nigeria. It emphasises the resurgence of UK companies as serious con*tenders for projects in the ex*panding Nigerian market. About £500m of Nigerian project business has been signed *by UK concerns in the past six* months.

CPI said yesterday that it will have overall responsibility for the project, but equipment for the college and institute will be procured through Intercam, a Cambridge subsidiary of Mitchell Cotts.

Construction will be sub*contracted to a British company* with a presence in Nigeria. Such companies include Taylor Woodrow, Wimpey, Costain and *Laing.*

The British Council and the Polytechnic of Central London are involved in the overall contract with a £3m programme of training for teachers and technicians, curriculum development and recruitment.

Finance for the project has been put together by Morgan Grenfell, the London bankers. *It falls into two parts.*

Labour MP quits

Continued from Page 1

*being creates a new inter*mediate status short of full membership of the SDP, and other Labour MPs might be tempted to follow the same course.

There was considerable bitterness in the Labour Party last night over his move, which could not be explained away like other defections as a response to failure to be reselected.

He could not be described as *an unimportant figure.* Mr Michael Foot, the Labour leader, was reported to be "angry, *disappointed* and incredulous" in view of his reappointment of Mr Cunning*ham as a party spokesman* last week.

Mr Cunningham said yester*day that he did not expect to* make any further change in his status "at least for some considerable time. In the present uncertain state of things no one can say what the long-term future holds." SDP members hope that in time he will join them.

Explaining his decision Mr Cunningham said he did not "*see any signs* at the base of the party in the constituencies of a turning of the tide against *the intolerance and the* attempts to suppress rational discussion which had be*devilled the party.*

He would not be a puppet MP. Although he was re*selected last Wednesday,* Mr Cunningham said, the small margin and the method of reselection meant that if he had intended to carry on he would have had to spend his time "counter-intriguing against the conspirators."

He did not intend to resign his seat, but admitted that if the Labour Party selected as his *replacement someone like* Mrs Frances Morrell, a leading aide of Mr Tony Benn and the *Greater London Council mem*ber for the seat, a by-election would be "almost irresistible."

Continued from Page 1

Sandbach

weight of 44 tons, whereas most European countries will not permit trucks of this total weight on their roads. The EEC *seems* likely to agree on a weight limit of 40 tons.

But Ford wants to stay in this *sector of the truck market,* possibly to allow for a future increase in the size of its Cargo *models, launched in March,* to cover the range from six to 28½ tons.

Ford originally planned to shut the Amsterdam plant on September 30, but the protest*ing workforce* was granted a stay of execution by a local court. The appeal court lifted *the ban on the closure in* October.

The factory had been running at *only half-capacity for more* than a year and Ford claimed it had been losing Fl 2m (£422,000) a week for some time.

The plant also assembled the Transit van. This work will be transferred to existing Transit production lines at Genk in Belgium and Southampton in the UK.

Rate grant will be cut by 3%

BY ROBIN PAULEY

THE GOVERNMENT is to cut the proportion of English local authority current expenditure *funded by central grant* in 1982-83 by 3 perecntage points, from 59 per cent to 56 per cent.

The cut is to be announced by the Chancellor during his financial statement tomorrow. It will mean a reduction of about £600m in the Government's contribution and will add an extra 8 per cent or £19 to the average domestic rate bill in England next year. This will be in addition to any other increases due to inflation and higher council spending, unless councils decide to make compensatory cuts.

The Chancellor will also announce that the base target for expenditure by council's, *excluding capital* projects, next year will be raised by £1bn to £18bn in England with a corresponding *£250m extra for* Wales and Scotland.

Mr Michael Heseltine, Environment Secretary, is expected to tell local authority leaders that this extra £1bn means they will be required to cut the volume of their current expenditure *next year by only 3 per cent* against the expected outturn expenditure for this year. This *compares with about 9 per cent* if the extra £1bn had not been allowed.

Sir Geoffrey Howe, the Chancellor, on the other hand, is expected to say that in cash planning terms local council spending will rise by only 2 per cent next year. This compares with about 5 per cent which would have been needed to keep pace with the Government's assumptions of the effect of inflation on council spending. So it is a real cut in cash terms.

Volume expresses expenditure in terms of numbers of people and buildings rather than their cost. Cash planning calculates their cost in pound *note terms.*

Cabinet Ministers have been threatened by Mrs Thatcher with the sack if they leak any aspects of the statement before tomorrow. But one said yesterday that this package was designed "to get everybody *neatly off the local authority* hook."

The grant percentage cut is *the largest since Mr Denis* Healey took 4.5 percentage points off in 1977-78, cutting *current expenditure to 61 per* cent in the Labour Government's days of International Monetary *Fund pressure.*

The Cabinet has argued heatedly about the grant *percentage for some weeks. The* Treasury's first option was 50 per cent, a 9 percentage point *cut, which the Cabinet dis*missed as unattainable, even if it was desirable. The range of options since then has been between 54 and 57 per cent, with Mr Heseltine arguing force*fully for the upper figure.* The Treasury tried, half-heartedly to introduce 52 per cent into the discussions, but 56 per cent was the final "compromise which Mr Heseltine clearly won," said a Cabinet Minister yesterday.

Weather

UK TODAY

DRY in most places with bright period after the clearance of any fog patches. Generally *cold with overnight frost.*

London, Central, N.W. England, North Wales, S. Scotland
Mainly dry, early and late fog patches. Sunny periods. Max. 7C (45F).

N.E. England and Scotland, Orkney and Shetland
Dry with sunny periods. Max. 6C (43F).

S.W. Wales, S. Wales, Channel Islands, W. Scotland
Cloudy with some rain. Bright intervals developing. Max. 9C (48F).

Outlook: Rather cloudy with drizzle

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Zurich	Sn	1	34	London	C	11	52
Ajaccio	S	15	50	L. Ang †	F	9	48
Algiers	F	14	57	Luxmbg.	R	0	32
Amsdm.	R	4	39	Luxor		—	—
Athens		—	—	Madrid	S	12	54
Bahrain	S	25	77	Majorca	F	15	59
Barcina.	S	14	57	Malaga	F	18	64
Beirut	S	20	68	Malta	F	13	55
Belfast	R	10	50	Mchstr.	R	11	52
Belgrd.	C	5	41	Melbne.	F	20	68
Berlin	C	4	33	Mx. C.†		—	—
Biarritz	C	14	57	Miami†	F	19	66
Bmghm.	R	11	52	Milan	S	12	54
Blackp'l	R	10	50	Montr'l†	Sn	−4	25
Bordx.	F	14	57	Moscow		—	—
Boulgn.	C	10	50	Munich	Sn	0	32
Bristol	R	11	52	Nairobi		—	—
Brussels	R	8	46	Naples	S	11	52
Budpst.	C	2	36	Nassau		—	—
Cairo		—	—	Nwcstl.	R	5	41
Cardiff	R	11	52	N York†	F	1	34
Casbca	S	18	64	Nice	S	14	57
Cape T.		—	—	Nicosia	C	20	68
Chicg.†	F	−4	25	Oporto	S	15	59
Cologne	Sl	2	36	Oslo	C	−1	30
Cpnhgn.	C	2	36	Paris	C	10	50
Corfu	F	13	55	Perth	C	21	70
Denver†	C	2	36	Prague	C	3	37
Dublin	F	12	54	Rykjvk.	C	4	39
Dbrvnk.	S	8	46	Rhodes	F	19	66
Ednbgh.	R	4	39	Rio J'o		—	—
Faro	S	19	66	Rome	S	11	52
Florence	C	3	37	Salzb'rg	Sl	2	36
Frankf't	R	2	36	S'cisco†	F	7	45
Funchal	S	20	68	S. M'ritz		—	—
Geneva	Sl	1	34	Singapr.		—	—
Gibrltr	F	18	64	S'tiagot		—	—
Glasg'w	R	5	41	Stckhm.	R	1	34
G'msey	C	11	52	Strasb'g	Sl	2	36
Helsinki	Sn	0	32	Sydney	S	23	73
H. Kong	S	20	68	Tangier	S	20	68
Innsbr'k	C	2	36	Tel Aviv	S	22	72
Invrnss.	F	3	37	Tenerife	F	17	63
I.o Man	R	11	52	Tokyo	C	8	46
Istanbul	R	11	52	Tor'nto†	F	−2	28
Jersey	C	12	54	Tunis	C	14	57
Jo'burg	S	24	75	Valencia	S	17	63
L. Plms.	F	21	70	Venice	F	3	37
Lisbon	S	15	59	Vienna	F	6	43
Locarno	S	10	50	Warsaw	Sn	0	32

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.
† Noon GMT temperatures.

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